Austria Sch22	Indonesia .. Rp3100	Portugal ... Esc100
Bahrain .. Din0.650	Israel NS3.50	S.Arabia ... Rls6.00
Belgium BFr48	Italy L1600	Singapore .. S$4.10
Canada ..... C$1.00	Japan Y600	Spain Pta125
Cyprus ...... C£0.75	Jordan Fils.500	Sri Lanka ... Rup30
Denmark .. DKr9.00	Kuwait Fils.500	Sweden SKr8.00
Egypt .... E£2.25	Lebanon $L125.00	Switz SFr2.20
Finland ... Fmk7.00	Lux LFr48	Taiwan ..... NT$85
France FFr6.50	Malaysia ... Rln4.25	Thailand Bht50
Germany .. DM2.20	Mexico Pes300	Tunisia ... Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong.. HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr8.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Indonesia: taking a cautious dose of reform, Page 4

World News

Cosmonaut completes record mission

Soviet cosmonaut Yuri Romanenko completed a record-breaking 326-day stay in space when a Soyuz TM-3 capsule carrying him and two colleagues parachuted down in a blizzard on the steppes of Kazakhstan. **Picture and report, Page 12**

Gulf ceasefire call

Conservative Arab Gulf states ended their four-day summit conference with a call to the international community and the UN to implement the Security Council resolution demanding an end to the Iran-Iraq war. **Page 12**

Farm fraud move

The European Court of Auditors called for a fresh crackdown against fraudulent claims on Community farm spending. **Page 3**

Shareholders charged

Several West German shareholders were charged with fraud and extortion for using their holdings to force payments from companies during takeover battles.

Kenya-Uganda trade

The Kenya-Uganda border reopened to normal trade for the first time in two weeks after a summit which smoothed over strained relations between the two countries.

Missile plant fire

Four people were killed in a fire at a plant producing rocket boosters for MX intercontinental ballistic missiles near Brigham City, Utah.

Chile accuses US

Chile's military rulers accused Washington of trying to interfere in the country's political affairs and warned that this could damage moves towards a return to democracy. **Page 2**

Angola halts visits

Angola suspended all official trips abroad and all foreign visits to Angola except those linked to its new economic programme in a move aimed at concentrating resources on the recovery plan.

Murdoch takeover bar

The Australian Government blocked a plan by media magnate Rupert Murdoch to acquire a controlling interest in AAP Information Services, Australia's domestic newsagency.

Extremists freed

Eight Marxist extremists were freed from jail in southern India after their group abducted the same number of government officials.

Plea for pilot

Bavarian Premier Franz Josef Strauss, on a visit to Moscow, asked Soviet leader Mikhail Gorbachev to shorten the four-year labour camp sentence of Mathias Rust, the West German pilot who flew a light aircraft to Red Square. **New era, Page 2**

Kampuchea talks

Exiled Prince Norodom Sihanouk of Kampuchea cancelled a second round of peace talks in France with Phnom Penh Prime Minister Hun Sen, his rival, but offered to meet him in North Korea instead.

S. African ultimatum

South Africa's coloured (mixed race) Labour Party gave the National Party Government an ultimatum to scrap the Group Areas Act or face a general election in 1989 and risk defeat by a rampant white Conservative Party. **Page 2**

Libyan AIDS measure

Libya said all visitors would need a health certificate saying they did not have AIDS.

1987 extended

An extra "leap second" would be added to 1987 on New Year's Eve, to let the earth catch up with super-accurate atomic clocks, the Bureau International de l'Heure, the world's timekeeping bureau, said.

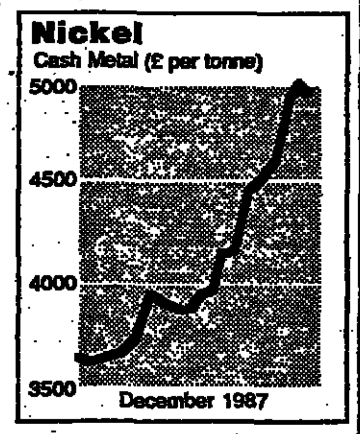
Business Summary

Whitbread gives up US court battle

WHITBREAD, Britain's third largest drinks company, has given up an 18-month court battle for more than $200m compensation and damages for the loss of its distribution rights to leading vodka and wine brands in the US. **Page 13**

FLETCHER CHALLENGE, the New Zealand forestry company, is to examine all legal avenues in an attempt to stop the ambitious A$1bn (US$714m) proposed merger between New Zealand Forest Products (NZFP) and Elders Resources of Australia. **Page 13**

NICKEL prices declined sharply on the London Metal Exchange. Currency factors pushed the



three-month contract price to £4,707.50, down by £97.50 a tonne from Thursday. **Page 16**

WALL STREET: The Dow Jones industrial average closed down 16.08 at 1,926.89. **Page 28**

LONDON: Equities fell sharply as traders returned from the Christmas holiday to face renewed worries over the dollar. The FT-SE 100 index lost 60.8 to 1,730.3. **Page 24**

TOKYO was closed for the New Year holiday.

DOLLAR closed in New York at DM1.5945, Y123.45, SFr1.2880, FFr5.4010. It closed in London at DM1.5955 (DM1.5965); Y123.45 (Y123.60); SFr1.2880; FFr5.4025. **Page 17**

STERLING closed in New York at $1.8600. It closed in London at $1.8610 ($1.8615); DM2.9700 (DM2.9725); Y229.75 (Y230.0). **Page 17**

PENNZOIL'S legal fees and other expenses from its landmark legal battle against Texaco have been estimated at about $400m, according to a letter to shareholders obtained by a Texas newspaper. **Page 13**

WEST GERMAN Government announced a record DM5bn ($3.06bn) bond issue. **Page 14**

FIRESTONE Tire & Rubber's Canadian unit will shut its Hamilton, Ontario plant on January 31, laying off 1,300 workers, because of declining demand for its model of tyre, the company said. **Page 13**

AUSTIN ROVER increased export sales this year by more than 30,000 units, about 30 per cent. **Page 6**

LAURA ASHLEY, home furnishings and clothing group, is expanding its Australian interests with a £4.7m ($8.74m) bid for R.M. Williams, leather goods maker and retailer. **Page 15**

JAPAN'S 13 largest banks are to be allowed to issue convertible bonds for the first time from next April. **Page 14**

CHINA is again offering farmers incentives to boost flagging cotton production and help end widespread shortages. **Page 16**

GREECE said its value added tax would be reduced considerably next year. **Page 2**

THE WEST'S five big aircraft builders have had their best year with orders estimated at 738 aircraft, worth $39bn. **Page 12**

NIGERIA'S central bank lowered its key rediscount rate from 15 per cent to 12.75 in a move to stimulate the economy. **Page 4**

INDIA must devalue the rupee and introduce measures to boost exports to stimulate economic growth, said a World Bank report. **Page 4**

US joins Mexico in scheme to ease debt crisis

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

THE US and Mexico moved yesterday to break new ground in efforts to tackle the Third World debt crisis by announcing a novel plan aimed at retiring up to $20bn of Mexico's $105bn foreign debt.

The scheme, which has been put together quietly by Mexico, the US Treasury and Morgan Guaranty, represents the first time that the US Government has officially participated in a proposal, a key element of which is to encourage commercial banks to write off and take losses on loans to a major Third World debtor.

Mr David Mulford, Assistant Secretary at the US Treasury described the plan as "a very, very important breakthrough" in attempts to address Mexico's debt problems. It calls for Washington to make a special issue of up to $10bn of zero-coupon US Treasury securities to Mexico for which Mexico will pay $2bn. The aim is to try to put the plan into effect in the first quarter of 1988.

With Morgan Guaranty Trust of New York acting as its agent, Mexico will then offer to repurchase at a discount from hundreds of international banks, outstanding public sector loans which the banks have made to Mexico. In return the banks will receive a new 20-year security, the principal of which will be secured by the US Treasury zero coupon bond.

The new bond will pay interest at 1⅝ over Libor (London interbank offered rate), with Mexico being responsible for the interest payments.

Government officials from debtor nations such as Brazil are in Washington looking at the plan as a precedent which might enable them to break out of the current approach to tackling Third World debt problems which they say relies too heavily on piling new debt on top of old, something they argue is making it harder to speed up their economic growth.

But US officials maintain that the scheme could be applied only to Third World debtors which like Mexico, have healthy foreign reserves, are in compliance with International Monetary Fund programmes and making strong efforts to reform their economies. "This is something a performing debtor nation can do," Mr Mulford said.

They point out too that the plan is a development of the more flexible approach to the debt strategy outlined by Mr James Baker, the Treasury Secretary more than two years ago. They add that it is a market orientated solution in which commercial banks will participate on a voluntary basis. In return for trading in old debt to Mexico, moreover, the banks will get a new higher quality 20-year Mexican Government security paying a higher rate of interest which will be tradable in the free market.

The major question mark hanging over the plan is whether the commercial banks, which had not been informed in advance of the proposal, will participate and be prepared to do so on terms which make it attractive to Mexico to undertake the swaps.

Morgan Guaranty estimates that up to $53bn of Mexico's public sector debt to commercial banks is eligible for retirement under the scheme. With that debt selling on the secondary market at about 52 cents on the dollar, the $10bn of Treasury zero-coupon securities could be used to retire a maximum of about $20bn of existing debt.

But bankers were already anticipating yesterday that the market value of Mexican debt would rise, reducing the discount and therefore the attractiveness to Mexico of swapping old for new debt. The plan is for banks individually to submit terms on which they would be prepared to swap the old for the new debt, with the Mexican Government having the right to decide which of the more attractive offers to accept and at what point to cut the auction off.

Depending on their financial condition, as well as local bank and tax regulations, the attractiveness of the proposal will vary

Continued on Page 12

Details, Page 2; Lex, Page 12

IMF sets up $8.4bn fund to help poorer nations

BY LIONEL BARBER IN WASHINGTON

A $8.4bn fund to help the world's poorest nations, many in sub-Saharan Africa, to rebuild their economies, was announced yesterday by the International Monetary Fund.

The pool of easy credit, proposed earlier this year by the IMF's managing director Mr Michel Camdessus, softens the fund's hitherto austere image.

It represents a shift from its traditional role of providing temporary, highly conditional financing to countries facing balance of payments crises.

The major donors include the Group of Seven industrial countries except the US, which has cited domestic budgetary constraints. A future US contribution – which would require Congressional approval – is possible, though it is likely to be a token payment.

The US Administration was irritated by the high-pressure campaign by Mr Camdessus to exact contributions from the major industrial countries in the run-up to the Venice Economic Summit last June.

It looked to countries with big trade surpluses such as Japan and West Germany to stump up funds. Recently, however, the Administration backed a capital increase of some $80bn for the World Bank, the other international institution which helps poor countries.

The $8.4bn fund – to be called the Enhanced Structural Adjustment Facility (ESAF) – is to be increased by about $3bn, bringing to $11.4bn the special concessional financing the IMF provides to about 62 hard-pressed member countries.

These are eligible because of their low per capita income and include many African countries as well as Afghanistan, Burma, Pakistan and Vietnam. India and China have pledged not to make use of the facility because their quotas are so large that requests for aid would wipe out the funds.

Under the ESAF, countries will be able to borrow up to 250 per cent of their IMF quota at a subsidised interest rate of one half per cent. Repayment will take place in 10 half-yearly instalments, starting 5½ years after disbursement. In return, the countries will work on a medium term economic plan, aided by IMF and World Bank officials.

The amount of each donor country's contribution has not been finalised. Japan is understood to be prepared to put up about $2bn. France, a strong backer of the ESAF project, recently raised its contribution from $700m to $840m, helped by the fall in the US dollar.

This money will be lent to the IMF at market interest rates. The key issue is how much money countries are providing to subsidise the future IMF loans at below market rates, and here the UK is playing a major role. At present exchange and interest rates the UK has pledged enough money to subsidise $1bn of the total $6bn fund.

Observers noted that Mr Nigel Lawson, Chancellor of the Exchequer, has been pushing a parallel plan to help sub-Saharan Africa repay debts. The initiative has met with some scepticism in international circles because it contains elements of debt forgiveness.

Saudi Arabia under pressure to offer discounts on oil

BY MAX WILKINSON, RESOURCES EDITOR, IN LONDON

SEVERAL MAJOR oil companies have warned Saudi Arabia that unless it offers discounts below the official crude price, it will risk a severe cut in production in the new year.

Saudi Arabia successfully resisted pressures to cut its crude prices during 1987 below the official levels pegged to an $18 "reference price" by the Organisation of Petroleum Exporting Countries in Geneva a year ago.

The oil companies' warning reflects deep scepticism whether Opec can achieve better discipline among members to prevent them producing more than their agreed production quotas in 1988.

In Riyadh, the Saudi capital, yesterday the Arab oil states in the Gulf made yet another effort to prevent the "cheating" by members which contributed to a sharp weakening of crude prices before Christmas.

At the end of a four day summit the six states of the Gulf Co-operation Council agreed that they must try harder to stop offering discounts and reduce surplus production.

Saudi Arabia has said that it would not offer discounts unless overproduction by other Opec members seriously threatened its market share.

However, price cuts now said to be offered by Abu Dhabi, Iran, Iraq and Kuwait are putting increased pressure on Saudi Arabia's main customers to look elsewhere for their supplies.

According to industry executives, Exxon, Mobil, Chevron and Texaco, the US partners in Aramco, the Saudi oil operating company, have indicated that they will cut purchases from Saudi Arabia in early 1988 unless market discipline is restored.

Earlier this month 12 of the 13 Opec members (excluding Iraq) agreed to try to limit total output to 15.06m barrels a day to bring supply closer to expected demand. This would require a cut of some 2m b/d.

Doubts as to whether Opec can achieve this degree of discipline were emphasised yesterday by a warning from Indonesia that it would not keep in rank if other members cheated.

Mr Abdul Rachman Ramly, head the country's state oil company, Pertamina, said Indonesia had warned fellow Opec members that it "reserves the right not to be part of the agreement any more should members continue to violate it."

Saudi Arabia's response to the pressure to offer discounts will be watched anxiously by the world's oil industry.

Many of the major oil companies have made it clear that they would like crude prices to remain stable at about last year's level. However, if rivals are able to obtain cheaper crude from elsewhere they may be unable to maintain their tacit support for Saudi Arabia's stance.

More support for $ helps to steady shares

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

CENTRAL banks launched another round of concerted intervention to prop up the dollar on foreign exchange markets yesterday as the US currency's weakness threatened a renewed slide on world stock markets.

The intervention, said by European monetary officials to have included "active" participation by the US Federal Reserve, slowed the dollar's fall and helped to steady share prices.

The London equity market failed to reverse initial heavy losses, however, while foreign exchange traders remained sceptical about the prospects for dollar stability.

After initially rising strongly as the central banks began buying dollars simultaneously in several centres, the US currency drifted back to the levels seen on Monday.

London share dealers marked down prices sharply at the reopening of trading after the Christmas break, reflecting both concern over the impact of the dollar's fall and losses during the holiday in Tokyo and New York.

Despite a recovery from its worst levels of the day, the FTSE index closed 60.8 points lower at 1,730.3.

Traders said that, with the volume of dealings low, the falls largely reflected the price markdowns by primary dealers rather than heavy institutional selling.

On Wall Street share prices, which fell sharply on Monday, registered further small losses, with the Dow-Jones industrial index falling 16.08 to 1,926.89. West German and French shares also suffered modest falls.

The foreign exchange intervention involved dollar purchases by the Bank of Japan, the Bundesbank, the Bank of England, the Fed, and the Swiss, Canadian and Italian central banks.

The Bundesbank took the unusual step of publicly announcing that it was operating in the markets.

In New York, the Fed maintained its usual silence, but European officials insisted it had joined the concerted action both on Monday and yesterday.

Yesterday's dollar purchases were described as "modest," a factor which foreign exchange traders had limited its effectiveness in what was described as extremely thin trading.

European monetary officials said each of the central banks had bought "tens rather than hundreds of millions of dollars".

Intervention on Monday had been heavier, with the overall level of purchases put at more than $1bn.

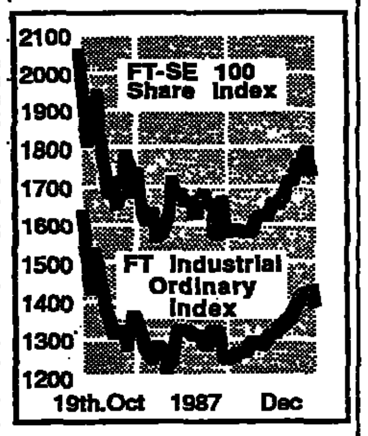
The monetary officials said markets and central banks were likely to wait until next week before making any definitive judgment on the dollar's likely course over the next few weeks.

Traders, however, said that underlying sentiment was bearish with President Reagan's statement on Monday failing to convince the markets that the US Administration would act decisively.

The dollar closed in London at DM1.5955, little changed from the DM1.5965 seen at the close of New York dealings on Monday. Against the yen the US currency stood at Y123.45 compared to Y123.60. It closed in New York at DM1.5945 and Y123.45.

Sterling closed in New York at $1.8600, and in London at $1.8610.

Lex, Page 12; Currencies, Page 17; World stock market reports, Page 28.



Kuwaiti buying boosts BP stake

KUWAITI Investment Office resumed its buying of British Petroleum shares in London yesterday, taking its stake in the company from 17.07 to 17.4 per cent. The purchase gives the KIO – the London investment arm of the Kuwaiti Ministry of Finance – 1.04bn BP shares, most of them in partly paid form.

Yesterday, the KIO picked up 22m partly-paid shares and prompted speculation that it could take its holding in Britain's biggest company to as much as 29.9 per cent over the next few days. The latest purchases mean that the KIO has accumulated nearly half of the 2.19bn partly-paid shares issued at 120p each in October's ill-starred public offering.

Analysts are waiting to see whether the Kuwaitis continue to bid for BP stock.

Europe's skiers pine for a white new year

By FT Correspondents

EUROPE'S UNSEASONALLY mild temperatures are causing shivers among ski resorts worried by the shortage of snow for new year holiday skiers.

Christmas and the New Year are traditionally among the busiest times for resorts, but warm winds blowing from North Africa have caused havoc. Infact, little snow has fallen for the last couple of weeks.

The outlook is for the mild weather to continue, although some optimists are still hoping temperatures will drop in time for the New Year's day celebration.

All of this is in stark contrast to the US where up to 12 inches (30cm) of snow has caused chaos in the mid-west and north-east.

Boston received eight inches and New York six, closing airports and making motoring treacherous if not impossible.

Such a snowstorm would probably delight many Europeans where the problem facing most resorts is that while some skiing is available on the highest slopes, the popular ones are generally without enough to make any form of skiing possible.

Although the snow shortage has not yet turned into a disaster, many resorts are beginning to become worried.

Switzerland has experienced an almost unprecedented scarcity of snow, which some estimate to have been the lowest on record for at least 25 years. Over Christmas no skiing has been possible below 2,000 metres.

At Crans-Montana, home to the world skiing championships last year, golf was being played on nine holes of the course.

In France resorts are watching their hopes for a good season melt away as the snow resolutely refuses to fall on all but the highest slopes.

After a record level of capital investment in new ski lifts and other equipment this summer, some resorts and lift operators are now cutting back their investment plans for 1989.

The highest Alpine slopes, like Tignes and La Plagne in Savoie or the Alpe d'Huez in the Isere, have been drawing in more skiers than usual from surrounding areas.

The lack of snow in Austria has become almost a national obsession.

What worries the Austrians is that the unseasonably mild weather – this is the country's warmest winter for 65 years – will continue and harm its all-important tourist industry.

Over 6m tourists flock to Austria during the winter season and, with the Austrians, make up over 35m bed nights in the ski resorts during the winter.

"We will be very worried if the snow does not come next week,"

Continued on Page 12

CONTENTS

BELGIANS RALLY ROUND A SYMBOL OF UNITY

King Baudouin is expected to play a key role in breaking the country's political deadlock, Page 8

Stewart Fleming considers why Mexico's latest plan to write off part of its debt has gained some US acceptance

Why Wall Street and Washington changed tack on debt swap

TWO YEARS ago when Mexico first proposed writing off some of its $100bn of debt by swapping old loans for new, commercial bankers turned the idea down flat.

Yesterday, however, the Mexican Government was back with a debt swap proposal which has not only Morgan Guaranty Trust, a leading New York bank, taking the lead in selling the proposal to its peers, but also the US Government standing firmly by its side to try to ensure the experiment turns out to be the "breakthrough" which Mr David Mulford, the Assistant Secretary of the Treasury for International Affairs, says it could be.

Behind the change in attitude on Wall Street and in Washington is the recognition that the industrial countries' strategy to tackle the Third World debt crisis, while it has bought time and allowed Western banks to strengthen their balance sheets, needs an overhaul.

Economic growth in industrial countries is slowing, with some international institutions predicting that, even if a dollar crisis is avoided, it will slow to such a extent that the Third World debt crisis could spiral out of control.

Commercial bank lending to developing countries, a key element on which Mr James Baker, the US Treasury Secretary, has built the so-called "Baker Plan" for tackling the debt crisis, has slowed to a trickle.

The World Bank, which with the International Monetary Fund was supposed to play a central role in implementing the Baker Plan, has spent the past year going through a demoralising internal upheaval from which it is only just emerging.

Mr Baker must try to keep the Third World debt situation under control, and not just for his own political prestige: a renewed Latin American debt crisis in the 1988 US election year would have an unpredictable, but certainly not positive, impact on the Republican Party's electoral prospects – particularly on the presidential hopes of Mr Baker's close friend, Vice President George Bush.

Problems with two other leading debtors, Brazil and Argentina, are looming and by backing the Mexican initiative the Treasury is perceived to be trying to make sure that the most politically sensitive of the Latin American debtors does not further aggravate the situation.

Judgments vary on how significant is the plan which Mexico, Morgan Guaranty and the US Treasury launched yesterday. While Mr Mulford describes it as a breakthrough, other officials in Washington say it is an "experiment" which carries some important risks. Even they would agree, however, that it could set some important precedents.

It gives official US government backing to a proposal which begins to tackle a leading debtor's problems by reducing the outstanding volume of debt rather than simply adding new loans on top of an already crushing burden of old bank borrowings – a significant break with existing debt strategy.

This represents a move towards the debt relief plans which have been proposed by Sen Bill Bradley among others, requiring that commercial banks realise some of their losses on Third World loans, something they have been moving towards throughout this year.

Moreover it does this through a mechanism which provides a US government guarantee for the new loan which is being used to retire some of the outstanding Mexican debt. The British Government has vigorously opposed governments providing guarantees for debts Third World nations and their bankers have incurred.

On the other hand, as Mr Mulford points out, the plan is in essence a market-based scheme and, no less important, one in which individual bankers must decide voluntarily whether or not they want to participate. This is the biggest question mark today hanging over the proposal. Will the other international banks join in?

What they are being asked to do is swap existing Mexican debt which is selling in the market at around 52 per cent of face value for a new Mexican loan, the principle of which is guaranteed by the 20-year zero-coupon US Treasury security to be held by the Federal Reserve Bank of New York. The interest, however, is a Mexican Government obligation.

By making the swap a US bank would in fact be realising a loss which would have to be written off, presumably against provisions it has already made. In return it gets a high quality Mexican security, paying a rate of interest of 1 5/8ths per cent over London Inter-Bank Offer Rate, well above the involuntary lending margin of 13/16ths which the existing Mexican debt is paying.

Morgan Guaranty estimates that some $53bn of outstanding public sector Mexican debt is eligible to be swapped. But the question of just how much old debt will be retired is an open one.

In the first place the transaction will be conducted as an auction with commercial banks making their own offers for the terms on which they will be willing to trade the old bank loans for the new, US Treasury-backed security. Mexico will have the option of deciding which bids to take. How much old debt is retired will depend, therefore, on how it assesses the attractiveness of the offers it gets. Morgan Guaranty says that even to proceed it will need to get waivers from holders of over 50 per cent of Mexico's outstanding bank debt since the new debt would be senior.

It believes, however, that since only 40 or 50 major banks hold a large share of the debt this task is much less daunting than it looks, especially since banks will be getting what is ultimately a tradeable security, in return. Moreover the remaining old debt would presumably look better once a significant portion is retired.

On the other hand the attitude of an individual bank will depend not only on its own financial circumstances, what provisions it has already taken against Third World loans for example and how able it is to take a loss, but also on the tax and accounting treatment in its home country. The deal is open to all banks worldwide.

The scheme is a one-off proposal and Mexico, Morgan Guaranty and the US Treasury will be watching anxiously to see how it goes down. Some in Washington are expressing fears that, particularly if it is not well received, the experiment could deepen existing divisions within the ranks of commercial banks about how they should be responding to the debt crisis. They point out that this in turn could make it harder in future to come up with new money packages for debtor countries, even for Mexico.

With its strong external position and excess reserves Mexico at the moment can well afford to enter into a transaction which brings in no new money. But should oil prices slump again to $10-$12 a barrel, could a debt write-off scheme co-exist with an effort to raise new money?

Finally of course there is the question of the precedents being set. Mr Mulford says that this is the sort of deal which a Third World debtor which is performing well with an IMF programme can be expected to take advantage of.

At Morgan Guaranty, however, it is argued that there is a precedent being established of more general applicability. Why should the absence of an IMF programme be considered a reason for ruling out another country from participating in such a scheme, one banker asks?

Brazil's record 366% inflation lower than feared

BRAZIL is preparing its position for renewed debt talks amid reports that inflation is not as catastrophic as feared at 20 per cent per month by year-end, writes Ann Charters in Sao Paulo.

Annual inflation is at a record 366 per cent, with December's figure of 14.1 per cent up 2 per cent on the previous month, according to the IBGE, the Brazilian Geographic and Statistical Institute.

Acting Finance Minister Mr Mailson da Nobrega said Brazil was in a better situation than last December because foreign debt negotiations were continuing, the surplus in the trade account, increased exports, more realistic relative prices in the economy and inflation that does not show signs of rapid acceleration. Last year's inflation rate was 62 per cent, largely due to Brazil's ill-fated price controls.

The government increased the national minimum salary by 25 per cent effective January 1 to Cr4,500 ($63.50 per month) as a step in a policy to recuperate lost buying power for lower paid workers during the year. The Sao Paulo Commerce Federation reported that Christmas commerce was down 30 per cent compared with last year, continuing a declining trend in retail sales begun in September.

On the foreign debt, the central bank was expected to telex international commercial banks yesterday regarding the norm to govern the payment of debt principal falling due in the first quarter.

President Jose Sarney has understudied other guidelines to be used in the resumption of debt negotiations with bank creditors on January 11. Central bank president Fernando Milliet is to head the Brazilian negotiating team when talks resume.

Acting Finance Minister Mr Nobrega told the Gazeta Mercantil after a meeting with President Sarney that Brazil would make its $500m payment out of reserves as agreed in the preliminary debt accord signed this month which includes $1bn from the banks for interest payment due up to Thursday. He reiterated the country's position that interest payments falling due beginning in January would only be met if the preliminary accord were completely adhered to by the banks.

Venezuelan prices rise at record 36% a year

By Joe Mann in Caracas

VENEZUELA'S economy slowed down in 1987 while inflation reached a record 36 per cent.

President Jaime Lusinchi said Venezuela's real gross domestic product (GDP) increased by more than 3 per cent this year, according to preliminary estimates, down from 5.2 per cent in 1986. He said unemployment was estimated at 8.5 per cent of the 6.3m workforce for the second half of 1987, down from 10.5 per cent at the end of 1986.

However, an official of the CTV, Venezuela's largest union federation, questioned the government's figures. He said unemployment and under-employment were much higher.

At the same time, preliminary figures from the Central Bank showed that the general cost of living index in the Caracas area rose by 36.1 per cent in the year to November 30, the sharpest rise on record. The price increases were generally caused by a devaluation of Venezuela's free market bolivar at the end of 1986. The bolivar stood at 30.70 to the dollar on Monday, 30 per cent below its closing rate of 23.55 to the dollar in December 1986. Venezuela was forced to allow a steep devaluation of the bolivar in early 1983, and has ordered several devaluations since then.

The Central Bank also reported that money supply (M2) rose by 14.7 per cent up to mid December.

INF pact may mean new security era, says Strauss

BY CATHERINE MCELHINNEY IN MOSCOW

MR FRANZ-JOSEF STRAUSS, the right-wing premier of Bavaria, told Mr Mikhail Gorbachev, the Soviet leader, yesterday that the INF treaty, signed this month, could mean the start of a new era in East-West security.

After 2½ hours of talks, Mr Strauss said he hoped the treaty could be the beginning of a "fundamental change" which would lead to "further steps in disarmament".

He said he told Mr Gorbachev, that the question of disarmament would be easier if the West were to lose the feeling of being threatened. However, he also said that, if the treaty was the "beginning of a greater and more comprehensive solution, then the political meaning for us is greater than the technical fears."

The atmosphere during the talks with the Soviet leader was described by the 72-year-old Mr Strauss as "most agreeable and friendly".

The Bavarian premier, who has been denounced by Moscow as a cold-war warrior, brought up the question of the West German pilot, Mathias Rust, imprisoned by the Soviet Union for having flown to Moscow in a light aircraft and landed near Red Square last summer.

Mr Strauss did not ask directly for Rust to be released, but told Mr Gorbachev he hoped the young pilot's imprisonment would be short rather than long.

The question of a united Germany was also raised by Mr Strauss at the talks, without response from the Soviet leader. Few believe the USSR would ever tolerate a unification of the two Germanies unless the neutrality of the combined state were guaranteed.

During his three-day visit, Mr Strauss will also be discussing economic, technical and cultural co-operation between West Germany and the Soviet Union.

The Bavarian premier also met his official host, Deputy Prime Minister Vladimir Kamentsev, who is chairman of the Foreign Economic Commission.

West Germany is Moscow's biggest Western trading partner. The USSR would like to encourage greater West German involvement in joint ventures and to increase the export of high-technology products to the Soviet Union.

A SOVIET official yesterday gave a cautious assessment of an Afghan army offensive to open the Afghan city of Khost, AP reports from Moscow. He said government forces opened a road into the city but that the battle area remained "difficult". The Foreign Ministry said units fighting their way towards each other from the Afghan towns of Khost and Gardez linked yesterday.

Santiago protests over US policies

CHILE'S military rulers have accused Washington of seeking to interfere in the country's political affairs and warned that it could hurt moves towards a return to democracy, **Reuter reports from Santiago.**

Ambassador Harry Barnes was summoned to the Foreign Ministry on Monday night for a "verbal protest" about economic penalties and other measures adopted recently by Washington against the military Government of President Augusto Pinochet.

"I explained that these activities and attitudes were not contributing to Chile's move towards democracy," Foreign Minister Ricardo Garcia told journalists after the meeting.

The military Government has been angered by the Reagan Administration's decision, announced on Christmas Eve, to suspend preferential trade treatment to Chile covering some $60m of annual exports to the US.

The move came just days after President Reagan announced aseries of conditions he said could help ensure legitimacy for a the planned presidential poll which is intended to mark a transition to democracy after 14 years of military rule.

The declaration, signed by President Reagan and Secretary of State George Shultz, urged President Pinochet to lift emergency powers restricting opposition activity and permit equal access to the mass media to his political opponents.

Under the terms of the military's constitution, armed forces chiefs will meet later this year to nominate a sole candidate, possibly Presaident Pinochet himself, for the poll.

Israel builds up strength to combat Arab rioting

ISRAEL has brought thousands of troops into the occupied West Bank and Gaza Strip to deal with an expected wave of renewed rioting this week, **AP reports from Jerusalem.**

Lt Gen Dan Shomron, the Chief of Staff, said yesterday the precautions for the 23rd anniversary of the founding of Al Fatah, the largest guerrilla group in the Palestine Liberation Organisation on Friday.

He said Israel had tripled its force in Gaza, where there are now more soldiers than had been needed to capture it from Egypt in 1967. The number of troops had also been was doubled in the West Bank, he said.

Gen Shomron said he expected an attempt to foment unrest on January 1, which Palestinians call "Fatah Day", which has been the occasion for demonstrations in the past.

"I believe that with the large force now in the territories and after their broad deployment and the detention of agitators, there is a good chance there won't be disturbances," he said.

In two weeks of rioting earlier this month 21 Arabs were killed by Israeli gunfire.

Reuter adds: An Israeli soldier was wounded by a knife-wielding Palestinian in the West Bank town of Nablus yesterday, military officials reported. They said the soldier was only slighly hurt and the youthful assailant was captured.

Israel, meanwhile, has threatened to expel people threatening security in the occupied territories. but an army judge said no mass deportations were planned.

Defence lawyers of some of the Palestinians being tried by military courts said yesterday they would join lawyers from Gaza in boycotting court hearings in protest against what they said were unfair proceedings.

SA Labour demands end of areas act

BY ANTHONY ROBINSON IN CAPE TOWN

THE NATIONAL Party government in South Africa has been given an ultimatum by the coloured (mixed-race) Labour Party to scrap the Group Areas Act or face a general election in 1989 and risk defeat by a rampant white Conservative Party.

The Act provides for racially segregated residential and other facilities. With the Population Registration Act, it is one of the remaining bedrocks of apartheid.

The ultimatum was delivered by the Rev Allan Hendrickse, the Labour leader, at the party's congress in Pretoria and was endorsed by a big majority there yesterday.

Under the 1984 constitution, the consent of a majority in all three chambers of the racially segregated parliament is required for the postponement of an election. This is due for all three houses in 1989, five years after promulgation of the new constitution. President P.W. Botha, leader of the National Party, called elections for the white house of assembly only in May this year. To his dismay the right-wing Conservatives won 30 per cent of the vote and became the official Opposition.

Faced with the risk of further gains by the right in early elections, Mr Botha then announced his intention to seek a postponement of elections until 1992. This seemed intended to give the white parliament a full five-year term but it was really to give the ruling party time to recover Conservative gains.

The government's desire to delay elections gave unexpected leverage to the Labour Party, which only agreed to participate in the new tri-cameral parliament, at its congress at Eshowe in 1983, on condition that it would contribute to the destruction of apartheid from within.

The Eshowe decision split the coloured community of nearly 3m. Most boycotted the elections and reviled Mr Hendrickse as having sold out. The impression that the coloured leader had accepted a lackey's role was reinforced when the government stopped hinting that it would scrap the Group Areas Act and approved only limited modifications.

Mr Hendrickse's stock plunged even further when President Botha publicly humiliated him by forcing him to apologise after he had defied an apartheid law by swimming off a whites-only beach at Port Elizabeth. The incident also undermined good opinion of the president's sense of judgment and raised questions about the wisdom of sweeping powers having been given in the constitution to an executive president. Soon after this, Mr Hendrickse walked out of the cabinet, where he had been a minister without portfolio.

Given the National Party government's destruction of coloured areas, such as Cape Town's District Six, and its forced removal of more than 3m coloureds, blacks and Asians in the name of separate development, repeal of the Group Areas Act has become the Labour Party's minimum demand for its continued participation in the system.

Now the government faces the difficult choice between alienating more nervous Conservative whites by scrapping the Act and keeping the statute while risking an early election. The choice is made even more difficult by the imminence of municipal elections across the country in October. These will help the Conservative Party build up its organisation in time for a frontal clash with the National Party at the parliamentary election.

If they win power, the Conservatives, under Dr Andries Treurnicht, have pledged to scrap the tri-cameral constitution, restore full-blooded apartheid and create a new, smaller, all-white South Africa through partition.

Kohl pressed on N-waste case

BY DAVID MARSH IN BONN

MR Hans-Jochen Vogel, chairman of the West German Opposition Social Democratic Party (SPD), yesterday tried to draw Chancellor Helmut Kohl into a controversy surrounding the alleged illegal transport of nuclear waste.

The SPD attempt to make political capital out of the affair, focused on the Transnuklear nuclear transport company based at Hanau near Frankfurt, came as auditors launched a full-scale investigation of the company's accounts.

Mr Vogel, whose party has called for a gradual "Ausstieg", or exit, from nuclear power, said the Transnuklear case had brought to light deficiencies spreading beyond "individual criminal activities". The affair, involving an alleged corruption network throughout the atomic industry, had brought into the political limelight the entire subject of nuclear waste disposal and the further exploitation of atomic energy, Mr Vogel said.

He urged Mr Kohl to make a public pronouncement on the affair. So far, responsibility has been left to Mr Klaus Toepfer, the Environment Minister.

Mr Albert Farwick, an official at the Hanau state prosecutor's office, said yesterday that 50 people throughout the atomic industry were suspected of making or taking bribes and of breaching safety regulations. He said seven of these were employees at Transnuklear, the leading West German nuclear transport company.

Transnuklear is owned by the Nukem nuclear concern whose biggest shareholder, with 45 per cent, is Rheinisch-Westfaelisches Elektrizitaetswerk (RWE), the country's largest utility.

Mr Toepfer's ministry yesterday said that the number of errant drums of atomic waste illegally sent to West Germany from the Belgian Mol processing centre had risen to 1,808 from 1,758. This followed discovery of an extra 50 drums at an atomic site in Hesse.

The canisters have been revealed to be stored with false labels at various atomic depots in West Germany. The Ministry is concentrating its investigations on 321 canisters said to contain traces of plutonium and cobalt-60.

Meanwhile, a thorough examination of Transnuklear's books, ordered by the Environment Ministry, got under way yesterday. The examination, carried out by the auditing firm Treuarbeit, is designed to uncover the extent of financial irregularities accompanying the illegal waste consignments.

Violence flares as troops kill drug trafficker

VENEZUELAN troops killed an alleged Colombian drug trafficker in a clash on Monday amid a flare-up of violence between the neighbouring South American countries, AP reports from Caracas.

Officials said that six more men, all Colombians, were detained by Venezuelan troops in the clash in Perija, a remote border region 500 miles west of Caracas.

They said another seven alleged Colombian guerrillas also were detained on Monday in connection with a multiple kidnapping earlier this month of Venezuelans living near the border.

The confrontation in Perija occurred hours after two hooded men robbed a government-owned Cessna aircraft from its hangar in Barinas, 280 miles south-west of Caracas, and apparently flew it to Colombia.

Greece to cut Vat rates on wide range of goods

BY OUR ATHENS CORRESPONDENT

THE GREEK Finance Ministry said yesterday the burden of Value Added Tax would be decreased considerably in 1988. Political observers interpreted this as part of several recently announced tax relief measures meant to appeal to voters in the run-up to a general election.

The ministry said 71 categories of goods and services would be transferred from the current 18 per cent median Vat rate to the 6 per cent rate. Items affected include chemicals, chocolate, canned foods, mineral water, medical equipment, building materials, and works of art. In addition, the median rate will be reduced from 18 per cent to 16 per cent.

The introduction of Vat in Greece from January 1 1987 was mandated in Greece's accession treaty to the European Community. It replaces a jumble of two major and ten minor indirect taxes and is considered by the Bank of Greece to be the most important indirect taxation reform in 30 years.

Vat rates include 6 per cent for "necessities of life"; 36 per cent for luxury goods and 18 per cent (now 16 per cent) for all other goods. Government estimates indicate that Vat will add 3 per cent to annual inflation.

Richard Gourlay in Manila looks at signs indicating a robust consumer-led recovery

Race is on to unblock foreign aid finance

THE PHILIPPINE economy is showing signs that the robust consumer-led recovery this year may turn into sustainable growth in 1988 because investment, mainly by Filipinos, has picked up sharply. However, the strong third-quarter growth was accompanied by a sharp increase in imports which have chopped more than expected from international reserves, according to economists.

They are afraid that the recovery could be nipped in the bud by a balance of payments crisis as reserves, which have already fallen from $2.4bn in July to $1.9bn at present, continue to tumble as imports are sucked in by the recovery.

It would, however, be a crisis in the midst of plenty. A balance of more than $2.1bn of aid committed by international aid donors to the Philippines, is still unused because Manila's technocrats have failed to identify and implement enough suitable projects.

"The Government really has to implement projects otherwise the reserves will be run down to dangerous levels," said Mr Cesar Virata, a respected former Finance and Prime Minister under President Ferdinand Marcos.

The culprit appears to be unexpectedly high third-quarter growth. Gross national product in the third quarter of 1987 grew by 6.8 per cent bringing the first nine months increase to 5.5 per cent, compared to a barely positive rate for the whole of 1986, according to National Economic Development Authority figures.

Consumption, which accounts for 73 per cent of GNP, was strong because of high copra prices and Congressional elections and a referendum during which spending by officials and candidates was high. Ironically, the Government's underspending by 30 per cent on fixed capital formation has probably prevented a greater increase in imports.

Evidence suggesting investment is picking up is imperfect. The Securities and Exchange Commission and the Board of Investments have produced third-quarter figures on newly registered capital and new projects that suggest there was a sharp – perhaps as high as 70 per cent – increase in investment in the first nine months of 1987. Notably the increase came from Filipino and Filipino-Chinese investors in a wide range of small investments and not from foreign or big ticket projects.

Bankers say increasingly that businessmen already established in the country are having a bonanza on the back of strong consumer demand, and are using earnings to make repairs and replacement investments rather than repatriating profits. The fear until recently has been that a recovery led entirely by consumer demand could not be sustained.

If these early indications of an investment recovery are to be believed, the race is on to unblock the foreign aid finance before reserves drop below their current level of about three months of imports. At the end of September, there was a trade deficit of about $600m up from $400m in the first half of the year and the current account was marginally in deficit of $200m up from a deficit of $100m.

A sharp fall in stocks of raw materials and intermediate goods, probably because of strong demand, suggests imports are likely to continue rising fast as the recovery takes hold. "It is a better quality of problem than this time last year," one foreign economist said referring to the sluggish economy in 1986.

Once the balance of payments threat became apparent – and after prompting in early November by donors led by the World Bank – the Philippine Government moved swiftly. Mr Fiorello Estuar was appointed special adviser to the President with a brief to unblock bottlenecks both in identifying projects and implementing them.

The Government itself had underspent its budget by 30 per cent by the end of September, because of poor project implementation. Auditing has already relaxed the rules on pre- projects and other tight restrictions that were introduced to try to counter the rampant corruption in the departments responsible for projects in the Philippines in the past. Project managers are to be paid more and training has begun to improve project appraisal in 24 government departments and 12 government corporations.

The undrawn but committed funds are $600m from the World Bank, $500m from Japan, the Asian Development Bank $600m and $300m from the US , about 10 per cent of which is in the form of grants, Mr Estuar said. None will release funds unless there is a valid project.

As too often in the Philippines, where the Government sometimes appears to relish tripping from the brink of one crisis to another, the right action is finally being taken but very late in the day.

Soviet Union and Egypt sign trade accord

EGYPT and the Soviet Union signed a new trade agreement yesterday aimed at doubling trade over the next three years, Egypt's Middle East News Agency (MENA) said, **Reuter reports from Cairo.**

The 1988-90 protocol raises the target for bilateral trade to £1bn from £500m ($900m).

Detailed figures were not given, but trade between Cairo and Moscow is roughly balanced. The Soviet Union mainly exports industrial and farm machinary to Egypt

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Belgians wait for King Baudouin to lead them out of the political maze

Tim Dickson reports on the regal influence which may end Belgium's coalition problems

ALL eyes in Belgium are trained on King Baudouin, the 57–year–old monarch who is expected to play a key role over the next few weeks in trying to break the country's political deadlock.

Like the English Queen, Belgium's King has little real political power but he exercises considerably more influence than his counterpart across the Channel, especially in times of political crisis.

The latest problems have arisen in the wake of this month's general election result, which showed a marked swing to the left in the southern region of Wallonia but which failed to give a decisive advantage to any party or group of parties, throughout the country as a whole.

Add to this the deep linguistic and cultural division between the Flemish and French–speaking communities, which precipitated the poll in the first place, and it is easy to see why finding a workable coalition government is going to be fraught with difficulty.

The King's duties in Belgium are clearly established by the constitution – he can first appoint a so-called *informateur* to conduct a round of initial consultations - the man chosen last week was Mr Guy Spitaels, president of the French Speaking Socialist Party. When this process is complete he nominates a *formateur* to bring together the government itself. A monarch's judgments can be crucial to the final outcome. Mr Spitaels plans to publish his report on the outlook for a new government on Monday.

King Baudouin's real significance, therefore, lies in his long experience of Belgian politics, the respect and admiration he commands across the political spectrum, and his carefully defended position as a symbol of unity in a sadly divided European state.

It was not always thus with the Belgian monarchy. The King himself, for example, could not have come to the throne in more difficult circumstances, with the country bitterly divided over the behaviour of his father, King Leopold III, during the Second World War.

Many felt that King Leopold had capitulated too easily to the Germans. His return from Austria was fiercely opposed and, in a referendum of March 12 1950, only 57.68 per cent of the Belgians voted in favour of his return. Not for the first time – it happened again quite dramatically in the recent general election – the country's two regions reacted differently with 72 per cent saying Yes in Flanders and more than 50 per cent saying No in Francophone Wallonia.

King Leopold lasted for a little less than a year – a period marked by violent disorders in parts of the country – before handing over to his shy and distinctly awkward-looking 21-year-old son in July 1951.

It says much for King Baudouin's character and determination that over the last 36 years the monarchy in Belgium has earned a central place in most people's affections. There is virtually no political opposition to the institution and, by contrast with events in England, there is seldom any public controversy over members of the Royal Family.

The Belgian media is devoid – some say boringly so – of salacious palace gossip and the unwritten code of newspaper editors not to stir things up is threatened only occasionally by the rather less restrained comment of certain French periodicals.

King Baudouin's gravitas and discretion – perhaps partly the result of a tragic childhood in which his mother and grandfather were killed in separate accidents within a year of each other – are important assets in today's situation. His experience is based on close and regular contacts (never reported) with the leaders of all political parties, so no one doubts that he will find a way through the country's political maze if it exists.

The King is widely seen as being above party political and Community preferences – though it is known that he gets on extremely well with the outgoing Prime Minister *Wilfried* Martens and he has been accused more than once of favouring Flanders at the expense of Wallonia. His views are never expressed publicly, though his Independence Day speech this year minced few words in its condemnation of the damaging language dispute which lies at the root of many of the country's problems.

King Baudouin: above party preferences

EC's watchdog urges action on farm cash fraud

BY WILLIAM DAWKINS IN BRUSSELS

THE European Court of Auditors, the EC's financial watchdog, has called for a fresh crackdown against fraudulent claims on Community farm spending.

Nearly Ecu 120m (£82.8m) of EC cash was missing from the Community's agricultural funds at the end of 1986, and the signs are that recent efforts by the Commission to check agricultural fraud have made little impact, says the Luxembourg-based court's latest annual report. *The missing cash represents* nearly a tenth of the EC's overall Ecu 1.5bn budget deficit for 1986, says the court. It calls for the establishment of a central anti-fraud squad and a more regular and detailed system of reporting of possible irregularities by the national authorities responsible for handing out EC farm subsidies.

Illicit claims for farm export subsidies represent around a quarter of the missing total while false collections of production and consumption aids represent the next biggest frauds, estimates the court. Dairy farmers appear the most prone to fiddling the books, accounting for 43 per cent of the 822 unsolved frauds on the Commission's books, followed by wine producers with 15 per cent. More than a third of all irregularities notified came from West Germany, though the court points out that other countries are slack about reporting possible fraud, so West German farmers are not necessarily the biggest offenders.

The court, as always damningly critical of the Brussels authorities, accuses the Commission of failing to organise itself to detect fraud efficiently. This drew an immediate response from Brussels, contained in the back of the 263-page document, that the real fault lay with the Council of Ministers, the EC's main decision-making body, for failing to adopt Commission proposals to co-ordinate the fight against fraud between EC Governments. Brussels "can only deplore yet again that the Council has still not acted on these proposals," the Commission said.

The report's broader criticisms that the Commission has for the third year running been unable to balance its budget come just as officials are gathering breath before the mid-February Summit, when EC leaders will try to agree on how to curb farm spending and overhaul the Community's finances. Most of the 1986 over-run came from higher *than expected farm spending.* Ironically, the "non-compulsory" spending categories in that year's budget – like research, social policy and aid to developing countries – only absorbed 83 per cent of the funds earmarked.

However, the Commission claims that most of the court's complaints would be dealt with in its general budget reform proposals – thereby placing the burden again on member states, which are struggling to agree to the controversial package. This would introduce automatic curbs on farm spending, tougher financial discipline all round, more tightly planned and more generous regional spending, a major shift in resources to the poorer south, and raise EC funds in a way more related to member states' ability to pay.

Pope appoints Arab patriarch

BY JOHN WYLES IN ROME

POPE John Paul II's choice of a Palestinian as the Catholic Church's next Patriarch of Jerusalem is being seen as symbolic support for the Palestinian national cause. Michel Sabbah, 54, who was born in Nazareth, will be the *first non-Italian* Patriarch since the position was revived by Pius IX in 1848. He will head a diocese of 65,000 mostly Arab followers of Latin rituals in Israel, Jordan and Cyprus.

The Patriarchate fell vacant two years ago when the incumbent Mons. Giacomo Beltritti, reached the bishop's retiring age of 75. The Vatican says the appointment has been made on strictly religious grounds, but observers believe it is more than coincidence that the Pope has announced a Palestinian Patriarch at a time when Israeli handling of unrest on the West Bank and the Gaza Strip is coming under fierce international criticism.

The Israeli embassy in Rome has limited its reaction to a statement that the appointment was entirely a matter for the Church.

The appointment is in line with the Second Vatican Council's recommendation that where possible bishops should be appointed from among the predominant nationality of their flock. The choice of Fr Sabbah, who will be ordained bishop by the Pope in St Peters on January 6, will thus be seen as a Vatican endorsement, if not of Palestinian nationhood, of the existence of a popular grouping.

Fr Sabbah was ordained a priest in Nazareth in 1955 and has long experience of pastoral work in the West Bank and Jordan. A fluent speaker of Arabic, English, French, Italian and Hebrew, he has been president of the Catholic University of Bethlehem.

French probe into cattle feed

BY GEORGE GRAHAM IN PARIS

ON THE eve of the introduction of stiffer European Community regulations, French veal producers have been shaken by an investigation into the illegal use of hormones to make calves fatter.

Twelve people have been charged in the last few weeks with trafficking in anabolic substances, in the latest revival of an affair which may have affected more than 200,000 veal calves in Brittany and Normandy.

Denkavit, a Dutch cattle feed producer whose employees have been implicated in the case, has denied any involvement in the supply of the growth hormones, banned under a 1984 law, which nevertheless allowed the use of a limited number of products in carefully defined conditions.

Although the case is viewed as marginal, some French agricultural organisations fear that the illegal and uncontrolled use of chemical implants to speed growth may become more widespread after the introduction of a total ban on these substances from January 1, following an EC directive.

"The problem of control is so difficult that we risk the creation of a black market, which could bring discredit by association on all veal. From the moment that you introduce a general ban, you get fraud," said Mr Jean-Philippe Cochard, of the National Cattle Federation.

French veal producers believe there is no scientific justification for the hormones ban but are prepared to go along with it.

But they are all the more worried by the EC directive, since it carries a one-year exemption for imports of meat from third countries, especially the US. They see this as a dangerous precedent which could damage European farmers' competitive position.

France's Agriculture Ministry, which has set aside an extra FFr7m (£1.4m) in its 1988 budget for anabolic testing, is expected to carry out urine and prostate checks at calf-rearing sites. But these tests will be impossible to apply to imported carcases.

Italian Radicals set for death-bed again

BY JOHN WYLES IN ROME

THE LONGEST death-bed scene in post-war European politics moves to Bologna on Saturday when the Italian Radical Party will debate a proposal to quit the national political scene and create a Europe-wide party.

A little over a year ago, the Radicals' congress agreed to wind up the party unless its membership roll climbed above 15,000. Self-destruction was successfully avoided by the end of January and the party returned to its role as the clown of Italian politics, albeit one still attracted by dramatic nemesis.

As with all clowns there is frequently serious intent behind the Radical paint and the pratfalls. But too often this year, the act has won more catcalls than applause.

The adoption and election as a Radical member of parliament of Cicciolina, the pornography star with an apparently untreatable addiction to the public baring of one breast, was widely seen as an excessively rude gesture to Italian democracy; the party's 2.6 per cent share of the vote at the June general election was disappointing, and its espousal in the autumn of the free circulation of heroin seemed just plain lunacy.

Nevertheless, as the moving force behind some of the great reforms of the last 15 years – notably the laws on divorce and abortion – the Radicals will not stop trying to think the unthinkable. Hence the notion to be propounded at Bologna by Mr Giovanni Negri, the party's secretary, that the Radicals should give up fighting Italian or any other elections, and concentrate on becoming a European-wide movement committed to ideals built around the creation of a United States of Europe.

On the eve of Bologna, however, no one can be quite sure that the Radical leadership is not up to its old trick of lighting a new fire under rank and file enthusiasm by putting a gun to its temple and threatening to pull the trigger.

Party members attending the Congress at their own expense and volition do so for entertainment and political arousal. They are quite capable of voting the party off the political map and then leaving the leadership to go on as if little had changed.

At a press conference yesterday, Mr Negri did little to suggest comic intent as he argued for a trans-national strategy. He said the party would campaign for a united Europe which would also embrace Turkey and Yugoslavia, against totalitarianism and for individual rights, against the prohibition of drugs but for a clampdown on illegal trafficking, against famine and for Euro-African interdependence.

The party's next Congress could well be held in Strasbourg or Brussels, conjectured Mr Negri, implying that the enrolment of 200 members from countries ranging from Spain and the Soviet Union to France and Yugoslavia had launched it firmly on its new path. "The Congress is a bit of a party and holding it at New Year will be a good augury for the Radicals and for the New Year," he added, with just a hint that the curtain may still not yet fall on the death-bed performance.

OVERSEAS NEWS

World Bank report urges India to devalue rupee

BY OUR FOREIGN STAFF

INDIA MUST devalue the rupee against leading currencies and introduce sweeping measures to boost exports to avoid serious setbacks in economic growth and balance of payment problems, the World Bank said in a report.

The confidential report, a copy of which was obtained by Reuter, said Indian export performance in the last decade had been unsatisfactory, with exports growing by less than 2 per cent in real terms and lagging behind overall world trade growth. "A continuation of the past trend in overall exports would have serious adverse consequences for India's growth and concomitant income and employment prospects," the report said.

A World Bank official has predicted that India's merchandise trade deficit would rise 10 per cent to $7bn in fiscal 1987/88, ending in March, from $6.3bn last year.

The 250-page report said recent exchange rate movements had been in the right direction but India's competitors "have managed their exchange rates more aggressively and many have apparently improved their competitive position relative to India despite India's recent moves".

More than 60 per cent of India's trade is conducted in dollars. While the rupee has remained largely unchanged at 13.00 to the dollar, it has followed the dollar's fall against the yen, the D-Mark and sterling. The rupee is tied to a basket of currencies whose individual weights are not published, but it is generally presumed maximum weight is given to the dollar. Foreign exchange dealers say the rupee is expected to depreciate by 15 per cent in 1988/89 because of the drought.

The report said India could either undertake small exchange-rate adjustments over a period or make a one-off change and thereafter manage the rate flexibly. Either method would have to be supported by restrictive fiscal, monetary and credit policy to restrain aggregate demand and avert inflation.

The report said the adjustment would boost export profits sharply, but some industries might post lower profits as prices of imported inputs would rise, while companies' sales would be limited by domestic competition and the stagnant purchasing power of customers.

India must rationalise and cut tariffs, increase domestic competition and cut costs through industrial restructuring, the World Bank said. The country had taken major steps to liberalise industry since 1986, but there was still a "labyrinth of controls" on private companies.

The bank proposed "export specific measures" such as low duty or no duty on imported capital goods and spares, greater freedom to set up plants, priority to providing additional infrastructure services and flexibility in labour regulations.

Congress drops move on aircraft servicing

By Peter Montagnon, World Trade Editor

THE US Congress has rejected an attempt to block plans by the Federal Aviation Administration to liberalise regulations on the maintenance of US-registered aircraft by foreign repair stations.

Congress rejected an amendment to the Senate version of the budget bill signed by President Reagan earlier this week which blocked the FAA plans. The amendment had alarmed a number of European airlines which had been pressing the FAA to drop restrictions on repair work undertaken for their US counterparts.

It was replaced in the final version of the bill by a clause permitting Congress to review the issue before a final decision is taken by October 1 next year.

Effectively this means that the FAA will not be able formally to implement its more liberal regulations until then.

If the FAA had been forced to confirm its restrictions, European airlines such as Lufthansa would have been prevented from repairing US aircraft and European engine manufacturers such as Rolls-Royce would have been barred from servicing their own engines on US-registered aircraft that required servicing in Europe.

European airlines have been working to persuade the FAA to adopt a more liberal stance since it decided in early 1986 on tighter application of its regulations.

Nigerian key loan rate cut

NIGERIA'S central bank lowered a key loan rate yesterday in an effort to stimulate the economy, the bank's governor announced. **AP-DJ reports from Lagos.**

The rediscount rate, the rate charged to commercial banks, has been reduced from 15 per cent to 12.75 per cent.

"This is just one of the shots (needed) to stimulate growth in 1988, by (way of) easing the burden on borrowers and users of funds," the Central Bank stated. "It is the clear desire of the military government to reflate the economy in the new year."

When the 15 per cent rediscount rate was established last August, commercial loan rates rose to 20 per cent.

The central bank said new regulations had been put into effect, giving it the authority to adjust the rate without consulting the military government.

Local newspapers have been reporting that high interest rates had curtailed commercial loan activity, while savings deposits had risen by 1bn naira (£122m) during the same five-month period.

Bangladesh opposition may call 5-day strike

BY SAYED KAMALUDDIN IN DHAKA

AN EIGHT-HOUR general strike in Bangladesh yesterday, called by the mainstream opposition alliance to force President Hussain Mohammad Ershad to resign, passed off without a major incident. But there are widespread rumours that opposition groups will call a five-day strike next week.

Informed sources said that a five-party group, part of the opposition alliance, had been insisting on announcing plans for a 120-day strike, arguing that without such "positive programme" the movement would lose its momentum.

However, the leading opposition parties – the Bangladesh Nationalist Party and the Awami League – were opposed to such extreme action. The opposition's next major programme is to organise a rally in Dhaka on January 3.

Both the main opposition leaders – Sheikh Hasina of the Awami League and Mrs Khaleda Zia of the Bangladesh Nationalist Party – have declared against taking part in the forthcoming parliamentary elections, likely to be held by March 5.

The present phase of the political crisis – the worst since President Ershad took power in 1982 – began in early November. He tried to control the situation by declaring a state of emergency on November 27, banning all fundamental rights and curbing press freedom, and dissolving parliament on December 6.

Singapore Review move

THE Hong Kong-based *Far Eastern Economic Review* said yesterday it would halt distribution in Singapore until the Government there rescinds an order reducing the weekly magazine's circulation there, **AP reports**.

In a statement, the news magazine described the order as "unacceptable" because it "places the distribution of the publication into the hands of the Singapore authorities, allowing them to pick and choose the institutions or readers which the *Review* reaches".

The government order, announced last week, restricted the magazine's circulation in Singapore to 500 copies, from yesterday, and claimed the *Review* had "consistently published distorted articles on Singapore".

Lebanon prices rise 624% over full year

PRICES of basic items such as eggs and soap, tea and rice increased more than sevenfold in Lebanon this year, according to an Economy Ministry survey, **Reuter reports from Beirut.**

The survey said 30 commodities went up by an average of 624 per cent from the beginning of the year up to mid-December.

The prices of many goods in Lebanon have been rising almost weekly, sometimes daily, this year largely because of a collapse in the value of the Lebanese pound.

The pound has lost more than 82 per cent of its value this year.

John Murray Brown on prospects for the Indonesian economy

Jakarta warns on Opec accord

INDONESIA has said it will ignore the oil output agreement of the Organisation of Petroleum Exporting Countries if other members break the accord reached earlier this month in Vienna.

Mr Abdul Rahman Ramly, head of Pertamina, the state oil company, this week confirmed that Jakarta had issued a warning during the Vienna meeting that it would not tolerate price or output violations by fellow Opec members.

Mr Ramly's remarks, which were carried by the official news agency yesterday, come as Gulf states are under increased pressure to offer buyers discounts in the face of falling spot oil prices.

The Opec agreement in effect rolls over last year's accord limiting the 12 member countries, excluding Iraq, to output of 15.06m barrels a day to defend a crude reference price of $18 a barrel. Since then spot prices on international markets have tumbled to around $16.

Indonesia has historically relied on oil and gas as its main export and largest source of budget revenue, with much of its output sold to Japan. Tokyo is now committed to reduce oil shipments from Iran as a result of the Gulf war and is looking for other supplies.

Pertamina said recently it had production capacity of about 1.6m b/d of crude and condensates. But under the Opec agreement Indonesia's output is limited to 1.19m b/d.

Taking a cautious dose of reform

LAST WEEK Indonesia unveiled a package of economic reforms which won a cautious welcome from businessmen and economists alike. Liberalisation of the country's highly protected and largely state-run economy has become something of a national obsession in the absence of a more stimulating political debate. Real change, however, has been harder to come by.

The latest package, which includes trade and investment reform and new rules to encourage the country's small stock exchange, has sat on President Suharto's desk for a full month before being approved.

In a government composed of former army officers and Western-educated technocrats there are still those opposed to liberal economic reform at a time when Indonesia's main trading partners, particularly the US, appear inclined towards protectionism. More to the point, such deregulation is a direct challenge to the vested interests of those close to President Suharto who control a web of industrial and trade monopolies, said to be the main cause of Indonesia's high loss economy.

In the event the cabinet presented a united front, no easy task given the far from liberal credentials of many ministers. Before the massed ranks of Indonesia's press corps, which for the past year has urged reform with uncharacteristic directness, the Government's leading technocrat, Dr Ali Wardhana, Minister for the Economy, announced these changes:

- Foreign joint venture companies which export more than 65 per cent of their production can retain 95 per cent equity stakes in those concerns.
- New rules allowing movement of containers between Indonesian ports are to be introduced.
- Import quotas are to be replaced by tariffs on 208 items, many of them steel, one of the most protected of Indonesia's industries.
- The Jakarta stock exchange is to allow foreigners to trade on a new secondary market, for which listing requirements are eased and government interference reduced.
- Foreign investors may distribute products locally if Indonesian partners hold 51 per cent of the equity, as against 75 per cent before.
- The same applies if 45 per cent is locally owned and a further 20 per cent is floated on the stock exchange.

The reforms, albeit limited, come just two weeks before President Suharto is due to announce his budget for 1988-89, which is expected to extol further austerity and a wages freeze for the country's 3m public employees for the third year running.

The outcome of last month's meeting of the Organisation of Petroleum Exporting Countries cast a deep shadow over proceedings because it prompted an immediate drop in the price of oil, which is still Indonesia's principal export. It accounts for about 40 per cent of export earnings and just under half of budget receipts. Some commentators have even called for Indonesia to leave Opec, but this is an unlikely move given President Suharto's reputation as a team man.

None the less, the world oil market has underlined the need for economic reform to boost the country's manufacturing sector and provide employment for a labour force growing by 1.5m every year. In the longer term the argument is even more compelling, with economists projecting that known oil reserves will run out in the late 1990s.

The country's growing debt burden is a more immediate concern. Softer oil prices combined with a continuing appreciation of the Japanese yen mean that about 40 per cent of total exports are absorbed in servicing the debt. Mr Radius Prawiro, Finance Minister, last month put public debt at $35bn at the end of June – not including the $6bn of private sector trade credits. Mr Prawiro expects servicing costs to increase by 20 per cent in 1988-89 as grace periods expire on commercial credits contracted in the early 1980s, when high oil prices fuelled gross domestic product growth rates of more than 5 per cent.

President Suharto, who is soon to announce a budget that is expected to include a further wage freeze for the country's public employees

With growth now at around 3 per cent, Western economists believe that, with due prudence, debt commitments can be met. Indonesia has a negligible food import bill, unlike the considerable additional burden carried by a high debtor such as Egypt. The deficit on the current account is manageable at around $2bn in 1987-88 and the Government has in place about $2.3bn of undisbursed commercial credits to back up central bank reserves of $6.3bn, equal to six months of imports.

However, with an open foreign exchange system, liquidity problems can never be completely ruled out. Only last June, in the space of a few weeks, Bank Indonesia was forced to sell $1.13bn to maintain its managed float of the currency. The inevitable stopgap was a sharp increase in corporate interest rates, which at one point reached 40 per cent, to stem the capital flight.

With domestic money still tight and consumer demand depressed, the Government is keen to stimulate export-led growth. The benefits of last year's 33 per cent devaluation of the rupiah are only now being realised, with exports outside the oil sector reaching record highs in September at $872.3m. Dr Wardhana said this week that non-oil shipments would account for 60 per cent of total exports in 1987-88.

Together with earlier trade and investment reforms this improved performance has encouraged increased foreign investment commitments, particularly from existing Japanese joint ventures moving away from import substitution manufactures to export-oriented product lines.

Western aid donors, meanwhile, aware that Indonesia plays a strategic role controlling the sea lanes between the Pacific and Indian oceans, continue to offer substantial support – though increasingly with strings attached.

President Suharto appears to recognise the need for reform. The question now is whether he can be persuaded to tackle the one outstanding obstacle – namely the business interests of his own family.

UK NEWS

Kuwaiti buying raises BP stake to 17.4%

BY RICHARD TOMKINS

KUWAIT resumed its aggressive buying of British Petroleum's shares in the London stock market yesterday, prompting speculation that it could take its holding in Britain's biggest company to as much as 29.9 per cent over the next few days.

The Kuwait Investment Office, the London investment arm of the Kuwaiti Ministry of Finance, picked up 22m of BP's partly paid shares at 70½p each yesterday, just ½p above the price at which the Bank of England is offering to buy back unwanted stock.

Its buying spree came in spite of a fall in the price of BP's fully paid shares from 259p to 249½p at the close, and took its stake in the company from the 17.07 per cent level confirmed on December 24 to 17.4 per cent yesterday evening.

The KIO's latest purchase means it now has 1.04bn BP shares, the majority of them in partly paid form.

This means that it has accumulated nearly half the 2.19bn partly paid shares issued at 120p each in October's ill-starred public offering.

Stock market analysts are now waiting to see whether the KIO continues outbidding the Bank of England for BP's stock during the eight remaining days before the Bank's offer expires at 3.30pm next Wednesday.

Stock Exchange rules prohibit the KIO from buying more than 10 per cent of BP's shares in any seven-day rolling period, so it seems unlikely that the KIO would be able to take its stake much beyond 27.4 per cent by the time the Bank of England's offer expires.

However, there is nothing to prevent the KIO continuing to accumulate the partly paid stock beyond that date as long as it continues to offer a premium to the likely market price of around 60p a share once the Bank's safety net has gone.

The KIO has given no indication that it intends to stop buying at any particular level.

If its stake passes the 29.9 per cent mark, however, Stock Exchange rules will oblige it to launch a full bid.

Most analysts consider such a bid unlikely, but BP itself is thought to be concerned that this large stake could find its way into the hands of a predator when the KIO decides to realise its investment.

● From today, purchases of BP's partly paid shares will not carry the automatic right to take advantage of the Bank's buyback scheme unless the vendor agrees at the time of dealing, the Stock Exchange said yesterday.

Securities body to amend code

BY CLIVE WOLMAN

THE SECURITIES Association (TSA) which is to take over most of the self-regulating functions of the Stock Exchange under the new investor protection framework, has been told by the Securities and Investments Board, the chief regulatory body to rewrite once again sections of its rule book.

The SIB demand, which will delay the final submission of the associations's rulebook for at least another two weeks, comes after four months of conflict between the two organisations. This has led several leading TSA figures to lobby for the removal of Sir Kenneth Berrill as SIB chairman next May. After completing its first draft rulebook in the summer, TSA submitted a comprehensively revised rulebook four weeks ago.

Some SIB officials suspect that, in its revised rulebook, TSA has been exploiting the tight timetable laid down by the Government by trying to slip in rules which would undermine basic investor protection principles.

The timetable effectively requires all the self-regulating organisations (SROs) and their rulebooks to be vetted and approved by the SIB, the Office of Fair Trading and the Trade and Industry Secretary Lord Young by mid-February.

One source of dispute has been the SIB provision, specified in its model rulebook, that securities firms must tell private investors of any interest they have in any shares that they are recommending. The requirement of full disclosure of all potential conflicts of interest has been one of the basic principles behind the new regulatory system.

TSA originally proposed a rule which would merely have required securities firms to state on their documents: "The firm may or may not have a material interest in the securities being recommended."

The SIB, however, insisted that more specific and detailed disclosures were required. TSA has now proposed a compromise rule which will require fuller disclosure only if the employee making the recommendation to the client is likely to be induced to act in the interests of his firm against those of the client.

British Coal plans six-day working at new mines

BY MAURICE SAMUELSON AND CHARLES LEADBEATER

SIR ROBERT HASLAM, chairman of state-owned British Coal, chairman, yesterday announced his intention to proceed next year with the introduction of six-day coal production at new pits instead of the normal five-day production week.

In a new year message to miners, Sir Robert said the introduction of flexible working would be one of two major developments in the year ahead.

Emphasising British Coal's determination to achieve financial break-even in the next financial year, Sir Robert said the only factor that could put it off course would be an outbreak of industrial disputes.

Six-day production is bitterly opposed by Arthur Scargill, who is seeking re-election as president of the National Union of Mineworkers. But although this year's NUM national conference also rejected it, six-day working is being considered by miners' leaders in South Wales, where British Coal has made it a precondition for building a big new drift mine at Margam.

British Coal also plans to introduce six-day production at two new super-pits in the Midlands of England.

In his attempt to soften miners' opposition to six-day production, Sir Robert said it did not threaten jobs but created and protected them.

"There is nothing unusual about flexible working. Our customers - particularly the power stations and steelworks - keep new equipment operating round the clock seven days a week," he said.

"At the new mines we need to work our equipment on six days a week – but with miners working no more hours, shifts or days, than now."

Sir Robert Haslam: determined to achieve break-even

TUC urges public spending boost

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE TRADES Union Congress yesterday called for a £7bn package of public spending measures in the spring's budget to bridge a "widening divide" between the rich and poor in Britain.

In its submission to Mr Nigel Lawson, Chancellor of the Exchequer, the TUC says that the Government should forgo cuts in income tax in favour of more spending on essential services and of increased assistance for the old and needy.

If Mr Lawson insists on going ahead with tax cuts, then the reductions should come in the form of increased thresholds or the reintroduction of a lower rate band rather than in a lower basic tax rate.

The TUC says that a cut in the basic rate to 25p would give a disproportionate boost to the incomes of the wealthy, already the main beneficiaries of previous budgets.

Low paid workers have seen the share of their incomes taken by tax and National Insurance rise by 17 per cent since 1979, while the highly paid have benefited from a 15 per cent fall, the TUC says.

Drug licensing system may be speeded up

By Peter Marsh

RADICAL changes to the mechanisms for approving drugs for sale to the National Health Service may be on the way as a result of a Government inquiry into drug licensing.

Findings of the inquiry are due to go to Mr Tony Newton, the Health Minister, by the end of this week.

The NHS spends about £2bn a year on drugs, including sales to hospitals and general practitioners' prescriptions.

It is thought that the six-month investigation will recommend that the Department of Health medicines division, which licenses drugs on grounds of safety and efficacy, should be separated from the department to give it greater flexibility.

Such a separation could be achieved by giving the medicines division the status of a health authority rather than a departmental unit.

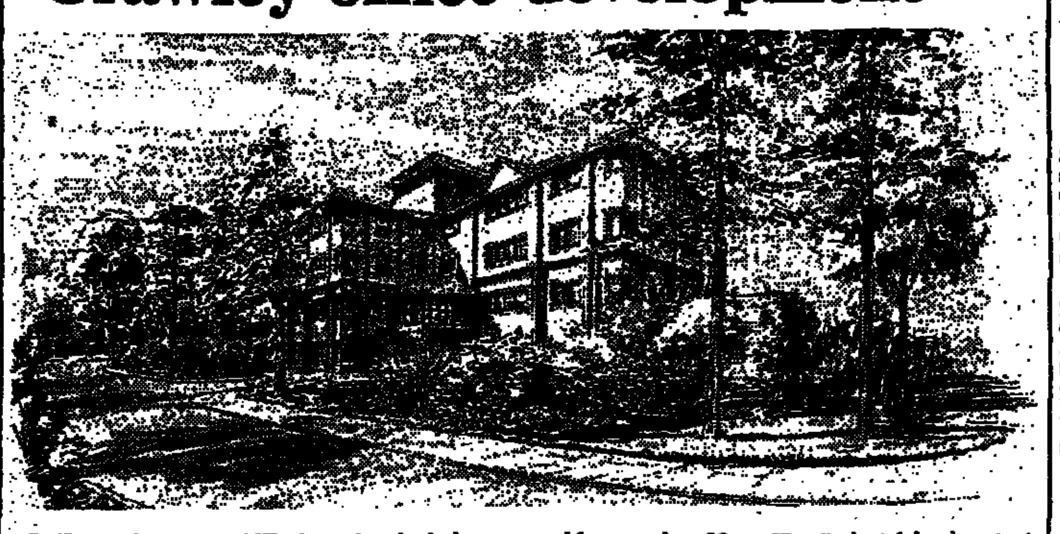
This could speed up drug licensing and make the business more competitive.

The pharmaceutical industry is annoyed that it can take up to two years for the licensing authority to approve a new drug for sale.

Drugs companies have argued that the time could be reduced by achieving a smoother flow of data between the different parts of the medicines division and its advisory body of medical specialists, the Committee on Safety of Medicines.

CONSTRUCTION CONTRACTS

Crawley office development



GEOFFREY OSBORNE has added a further £9m to its order book for 1987. At Broadfield Park, Crawley, work has now started on a £5m office development for Interland Estates. The 78-week contract comprises four separate units with a total area of 7,200 sq metres. The insitu concrete frame will have brick cladding and a tiled roof. Buff coloured bricks are to be used with contrasting red brick vertical columns. Extensive landscaping includes car parking, roads, lakes and culverts. Osborne is scheduled to start a further contract in Crawley on January 4. The £2.3m contract for Grosvenor Square Estates involves three high technology units with a floor area of 4,112 sq metres. The first floor areas will be finished as office accommodation and the ground floor area left a shell.

Another contract underway for Grosvenor Square Estates is a £2m office/industrial scheme at Longmead, Epsom. The four units, giving 6,196 sq metres of space, are to be brick/metal clad with metal roofing. The 36-week contract is due for completion in August 1988.

At Hastings in Sussex, Osborne is undertaking a 13-week contract for Argyll Stores (Properties). The £632,000 contract is for earthworks and retaining walls.

Stafford shopping centre

The Standard Life Assurance Company has appointed **FAIRCLOUGH BUILDING** as main contractor for the construction of a £20m shopping development at the Guildhall Centre, Stafford. Work should start on March 1.

The initial phase will comprise construction of a market hall of about 23,000 sq.ft. It will be handed over to Stafford Borough council for fitting out in spring 1989. Above the market hall will be a decked car park for 276 cars.

Removal of the existing market will free the remainder of the four acre site for construction of the 105,000 sq.ft. centre, which Standard Life expects to be completed by 1990. The new centre will be arranged around a covered mall, and will provide a large store and 12 small shops.

Upgrading 700 hotel rooms

The **TFL GROUP**, international interior designers and contract furnishers, has been awarded a "turn-key" contract worth in excess of £3m by the Metropole Hotel Group, a subsidiary of the Lonrho Group, for a refurbishment programme involving over 700 hotel guestrooms.

The rooms are spread over five leading hotels in the Metropole Hotel Group: The Birmingham Metropole at the National Exhibition Centre, the London Metropole, the Bedford Hotel and the Brighton Metropole, both in Brighton, and the Pembroke Hotel in Blackpool.

As the five hotels are experiencing occupancy rates of from 70 per cent to 100 per cent, one of the key factors in the award of the contract was TFL's ability, through its operating company Tavern Furnishing, to complete the contract within the relatively short period of Christmas to Easter 1988.

In its bid, TFL exploited the increased competitiveness of British suppliers in terms of design, delivery and modern production methods and it it is expected that the overall content of British goods and materials in the contract will exceed 70 per cent – a higher figure than normal in projects of this type.

TFL, in close liaison with the Metropole Group's purchasing department, has sourced the large quantities involved at what is believed to be economical rates. They include 20,000 sq metres of ceramic tiles, 15,000 sq metres of floor covering, 35,000 sq metres of fabrics, 50,000 sq metres of wall coverings and 5,000 light fittings.

For the contract, TFL's permanent workforce will be augmented by 250 tradesmen, including ceramic tilers, joiners and fitters.

Surrey retail scheme

SHERATON JT has been selected by Tandridge District Council to carry out a £14m town centre development at Caterham, Surrey. Work has started.

Being built on the site of a car park and the Valley Hotel, the development includes a supermarket, 23 shops, and a 550 space multi-storey car park. The 30,000 sq.ft. supermarket has been pre-let to Safeway, and W.H.Smith and Boots have signed for two of the shop units.

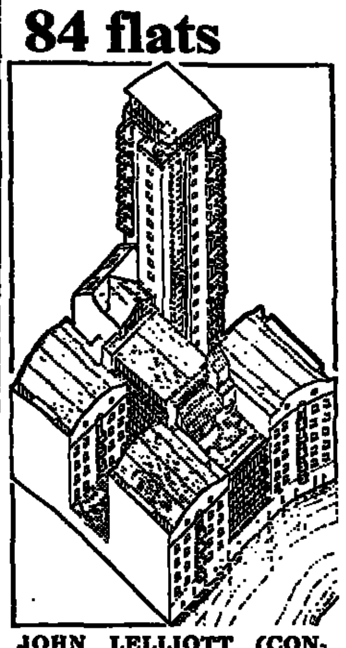
Landscaped pedestrian malls will thread through the scheme, which fronts on Station Avenue. It is hoped the scheme will encourage local residents to shop locally and revitalise the town centre, instead of visiting the Croydon shopping centres.

Sheraton JT, jointly owned by Sheraton Securities International and JT Group, arranged funding for the scheme with Universities Staff Superannuation Scheme.

Refurbishment in south east

Contracts worth more than £7m for commercial and domestic refurbishment and new build in the south east have been awarded to **VAT WATKINS**, the London-based modernisation specialists. One of the contracts, from the London Borough of Ealing, is for the up-dating of houses under the "tenant in place" package in which Watkins were pioneers. The awards are for new houses in a joint venture package with Assured Developments and the London Borough of Tower Hamlets (£2.2m); house modernisation for the London Borough of Ealing (£1.3m); extensive improvements to pre-1945 houses for Broxbourne Borough Council (£1.4m); refurbishment of 1960s office accommodation for the Liverpool and Victoria friendly Society (£1.4 m); refurbishment of mental illness, residential and day accommodation for the North East Thames Regional Health Authority (£900,000); and office refurbishment for Priest Marian Developments (£500,000).

Converting a mill into 84 flats



JOHN LELLIOTT (CONTRACTS) has been appointed by Rosehaugh Co-Partnership Developments to carry out the £9m reconstruction of a residential complex, New Mill Wharf, formerly known as Vogan's Mill, on the east bank of St. Saviour's Dock, London. It was one of the last working mills in the area, and is now a listed building. The scheme involves creation of 69 luxury flats with four commercial units at first floor level and a car park on the ground floor. The silo is to be demolished and replaced by a concrete tower, with 15 apartments on 17 floors. The scheme incorporates a paved courtyard at first floor level and a roof garden at sixth floor level with views westward over St Saviour's Dockyard.

APPOINTMENTS

Harris & Dixon finance man

Mr Peter Walsh, until recently deputy treasurer of Eurotunnel and formerly chief cashier of Shell International Petroleum, will be joining the HARRIS & DIXON GROUP as group finance director.

★

Mr John Kemp has been appointed director and general manager, southern operations, CONOCO (U.K.), from January 1. He replaces **Mr David Branch**, who has returned to headquarters in Houston. Conoco is A Du Pont company. Previously president and managing director of Conoco's Dutch subsidiary, Continental Netherlands Oil Company, he will now be responsible for operations in the southern North Sea, including the "V" fields project, and gas sales.

★

Morphy Richards executive chairman **Mr John Winnett** has been appointed to the group board of parent company GLEN DIMPLEX, Dublin.

★

Miss Melanie Moser has been appointed director of marketing at THORNTON INVESTMENT MANAGEMENT, pension fund management division of the Thornton Group. She was group sales manager of Confederation Life Insurance Company. **Miss Camilla Gay** becomes sales and marketing manager of Thornton Unit Managers.

★

KLEINWORT BENSON INTERNATIONAL INC., Tokyo branch, is applying for membership of the Tokyo Stock Exchange. **Mr Hugh Trenchard**, general manager of the branch, will return to London after membership has been received, to become the director responsible for corporate finance activities in Japan and Korea. **Mr Alex Dolbey**, a director of Kleinwort Benson and head of the syndicate department, moves to Tokyo in March to take over from Mr Trenchard on June 30. Mr Trenchard then becomes president of Kleinwort Benson International Inc.

★

Mr Stuart Harrower, Mr Phil Hollis and **Mrs Lin Ireland** have been appointed to the board of BRADFORD PETERS AND TAPPENDEN.

★

Mr John Stent has been appointed finance director of BRITISH AIRPORTS SERVICES, a subsidiary of BAA, from Janury 11.

★

Mr R.H. Malthouse has become senior partner of MCKENNA & CO. **Mr John J. Cunliffe** has been appointed partner specialising in pensions and employment law.

★

PACOL has appointed **Mr Stephen W.Bois** and **Mr Peter Gellard** as directors.

★

LLOYD THOMPSON has appointed **Mr D. Keen** and **Mr D. Moody** as associate directors from January 1.

★

AVIATION INFORMATION SERVICES has appointed **Mr Paul Hayes** as a director. He has responsibility for information services in the company, which he previously managed.

★

Mr Thomas McMicking has been appointed to the board of RELIANCE SECURITY SERVICES. He was previously general manager in Wales before becoming regional director for the west of England.

★

Mr Takeshi Iwabuchi has been appointed managing director of ASSOCIATED JAPANESE BANK (INTERNATIONAL) in succession to **Mr Kuniaki Yoshioka** who returns to Japan.

★

The JOHN LAING ETE company has made three appointments: On January 1 **Mr Jack Moss** becomes managing director of Degremont Laing, **Mr Paul Boddam-Whetham** is made general manager of Laing's ETE's Water Services and **Mr Oster Bayne** business development director responsible for strategic developments and investment in renewable energy, waste land and related infrastructure projects.

★

Mr Robert Underhill has been appointed group finance director and secretary, and **Mr Jack Reading** becomes deputy chairman of CAMPBELL & ARMSTRONG. **Mr Anthony Worcester**, joint managing director of the Irwin group, a wholly-owned subsidiary, joins the main board.

★

BRITISH FITTINGS GROUP has restructured its board as follows: **Mr Brian R. Stanton** (chairman and joint managing director); **Mr Brian F. Smith** (joint managing director and secretary); **Mr John H. Watson** (non-executive director); **Mr Christopher R. Wadsworth** joins the board as an executive director; **Mr Allan Earnshaw** and **Mr Bernartd E. Hart** join the board as non-executive directors.

★

Mr John Dickinson has been appointed UK general manager of VARTA BATTERIE, Hanover. He was sales director of Kraft Foods.

★

Mr Robert Earl has been appointed chief executive of PLEASURAMA's US operations acquired with President Entertainments. He has relinquished his post as chairman and managing director of the company. **Mr G.Been** appointed a director of the company.

★

Mr Roger Hurn has been appointed a non-executive director of S.G. WARBURG GROUP. He is chief executive and managing director of Smiths Industries, and a non-executive director of Pilkington, and Ocean Transport & Trading.

★

From January 1 **Mrs Mel Baker** becomes a director of Leopold Joseph & Sons (Guernsey) and **Mr Mark Robinson** a director of LEOPOLD JOSEPH & SONS.

★

TYNDALL HOLDINGS has appointed **Mr John Hunter** as director of sales and marketing, and **Mr Brian Garlick** as UK sales manager from January 1. Mr Hunter was marketing director of Tyndall International.

★

Mr Roger Empson has been appointed commercial director of KRONE (UK). He joined the company in August from British Telecom international products division, where he was head of sales and marketing for the communications terminals unit.

★

The ROYAL BANK OF SCOTLAND has appointed **Mr Colin Gage** as senior trustee manager, trustee division, London from January 1.

★

Following the acquisition of T.L. Bennett (Holdings) and T.L. Bennett (Windows), **Mr Peter H. Price**, managing director of Hewetson, has been appointed chairman of BENNETT (HOLDINGS) and BENNETT (WINDOWS). **Mr John Hewitt**, assistant managing director of Hewetson, has joined the board of Bennett (Holdings) and **Mr Hans Schmidt**, secretary of Hewetson, will be a director and secretary of Bennett (Holdings) and Bennett (Windows). **Mr Trevor Bennett** and **Mrs Beryl Bennett** have resigned as directors of Bennett (Holdings) and Bennett (Windows).

★

Mr J.A. Lakeman, managing director of Penryn Granite, has been appointed a director of SHAND. He has been responsible for the Shand Group's quarrying and related interests in Cornwall and the Midlands.

SDP merger opponents seek conference support

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

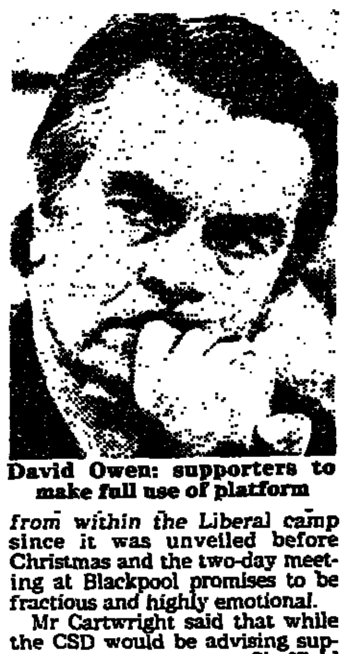
THE SOCIAL DEMOCRATIC Party's opponents to plans for a merger with the Liberals are to use the party's special conference in January to seek further support for the continuation of a separate SDP.

Mr John Cartwright, the SDP MP for Woolwich and a supporter of Dr David Owen's anti-merger Campaign for Social Democracy, said at Westminster yesterday that opponents of a deal with the Liberals intended to make full use the platform provided by the Sheffield conference to state their objectives.

The Owenites have called on supporters not to participate in the vote at Sheffield, or to invoke the blocking mechanism which could prevent the merger terms going to a membership ballot.

But their defiant presence, which will include a fringe meeting on the eve of the crucial ballot vote,is certain to be interpreted by some members of an increasingly irritated, pro-merger camp as another spoiling tactic and could lead to angry exchanges during the conference.

The prospect already exists for a rough ride for the Liberal leadership at its own special conference on January 23-24, a week before the SDP gathers. Opposition to the terms of the proposed merger package have emerged



David Owen: supporters to make full use of platform

from within the Liberal camp since it was unveiled before Christmas and the two-day meeting at Blackpool promises to be fractious and highly emotional.

Mr Cartwright said that while the CSD would be advising supporters not to vote at Sheffield or in any subsequent ballot, or to involve themselves in the debate on constitutional terms, the January conference would nevertheless be used to state the campaign's position and intentions.

Mr Cartwright claimed yesterday that support for the continuation of a separate SDP was growing and that 15,000 people had now registered as supporters of the CSD. He said £150,000 had been raised since the summer and 200 of the 700 SDP councillors had declared their support for the non-merger wing of the party.

Mr Cartwright added: "What we have to demonstrate is that we are here, we are a viable entity, we are not just an Owenite rump." He believed a continuing and viable SDP would need about 25,000 members and he felt that figure was achievable.

The MP also reaffirmed the anti-merger wing's determination to retain the SDP name if a new party is created with the Liberals. Before Christmas, the national committee of the SDP rejected a proposal to maintain the party title until after the next general election.

Writing in the latest edition of the CSD's own newspaper, Mr Cartwright says that the survival of a separate SDP is essential to the survival of social democracy.

He acknowledges, however, that neither the merged party nor the continuing SDP will have time to field their own candidates for the May local elections. He claims that it will be in both parties' interests to support existing SDP and Liberal councillors, irrespective of which political future each of them decides upon.

Outhwaite syndicate losses to be studied

By Nick Bunker

MORE THAN 100 underwriting agents at Lloyd's, the London insurance market, have launched a study of why one of its biggest marine-insurance syndicates says it faces possible losses of about £248m over the next 20 years.

The aim is to clear up some of the confusion at Lloyd's surrounding the affairs of Syndicate No 317/661, run by Mr Richard Outhwaite.

The study was commissioned by 102 Lloyd's underwriting agents, representing about 1,500 members of Lloyd's (so-called names) who belonged to the syndicate in 1982.

This summer the names were asked to pay £10.27m to bolster Syndicate 317/661's reserves against huge potential claims arising from asbestosis and environmental pollution in the US.

Mr Peter Rawlins, managing director of R.W. Sturge, one of the 102, yesterday said an agents' steering committee had appointed Freshfields, the London law firm, to make the study.

Freshfields will be assisted by Coopers & Lybrand, the accountancy firm.

The Outhwaite case has become a *cause celebre* at Lloyd's over the past 12 months but the Freshfields study will focus on events in 1981-82.

At that time Mr Outhwaite wrote many so-called run-off policies, a type of reinsurance contract.

As a result, Syndicate 317/661 agreed to take over the liabilities of dozens of other Lloyd's syndicates in respect of policies they wrote in the 1950s, 1960s and 1970s.

That left the 1,500 members of Syndicate 317/661 for 1982 open to huge claims arising from damages paid by US corporations to victims of asbestosis or environmental pollution.

The 102 have asked Freshfields to complete by next May an independent assessment of the circumstances surrounding the writing of the run-off contracts.

Coopers & Lybrand has been asked to assess the disclosures that will be contained in Syndicate 317/661's next annual report.

Mr Maurice Hussey, chairman of R.H.M. Outhwaite (Underwriting Agencies), which manages Syndicate 317/661, said last night that the Outhwaite group intended to co-operate fully with the Freshfields study.

The affair is especially complex because Mr Outhwaite is in dispute with about six other Lloyd's syndicates over his liability under the run-off policies.

Ralph Atkins looks at a forthcoming decision on a Pennine railway

Steamed up over a threatened line

HIGH IN the haughty Pennine hills, a railway rebellion is being planned.

The dispute is over the Settle-Carlisle line, a 72-mile stretch of Victorian engineering that crosses some of the most beautiful scenery in England. The board of British Rail wants to close it. Protest groups are fighting to keep it alive.

A plan for saving the line is hurriedly being prepared by protestors but BR remains resolute. The outcome will depend on a decision by Mr Paul Channon, Transport Secretary. An announcement is expected early in the new year.

The battle about to commence will be a dignified affair, fought with papers and reports along carpeted corridors in the Department of Transport. But it illustrates a striking divergence between railway managers, specialists and enthusiasts.

On one side are the train buffs – or Buffers. Trains for them are more than a means for getting from A to B: they have a romantic past, a heritage and an under-used role as a vehicle for investment in industry and rural areas.

Their icons are the Settle-Carlisle line and privately operated tourist lines such as the Blaenau Ffestiniog to Porthmadog railway in Wales and the Bluebell line in Sussex. But they would also like the British Rail network strengthened to act as a rival, not a subordinate, to motorways.

In the other camp are the Sleepers - those who are prepared to lie down and let railways pass by. For them, railways belong in a different epoch. They have heavy overheads, are inflexible and, besides, doesn't everybody travel by car nowadays?

The Settle-Carlisle case is an exercise for Buffers in devising solutions to an problem common to many rural railways. They have to show it could be profitable when simple cost analysis by British Rail shows no economic justification for keeping trains running.

The biggest selling point is its potential for expansion as a tourist attraction. Rising from near sea level in Carlisle, the line passes patchwork arable fields along the river Eden, up through grazing land into the bracken and heather of Pennine moorland.

The line was opened in 1876, extending the Midland Railway Company's route north to Carlisle and into Scotland. Constructed to main line standards, mostly by navvies with picks and shovels, it provided direct competition for the north-west coast line.

Romantic past: the 48055 in happier days, crossing Aisgill viaduct on the Settle-Carlisle line

"It is not just a local railway, it is a national asset," says Mr Peter Shaw, secretary of the 2,500-member Friends of the Settle-Carlisle Line Association. "It is a major tribute to the Victorian railway engineers who built it. Couple that to the scenery and it really is quite special."

The train takes a little less than two hours to travel from Settle junction, where it splits from the Leeds-to-Lancaster line, to the border town of Carlisle. The average speed of about 35 mph allows drivers time to stop and gossip with colleagues along the line.

However, the speed restrictions betray the deteriorating condition of the railway's 325 bridges, 21 viaducts and 14 tunnels.

Most acute are the 24 arches of the 105ft high Ribblehead viaduct, which straddles a valley along the river Ribble in the North Yorkshire dales. British Rail estimates urgently needed repairs to the viaduct will cost £2.7m to £4.3m.

A closure notice on the line was first issued by British Rail in late 1983. Under statutory procedures for line closures, 22,000 objections were lodged, resulting in a series of public hearings with the final decision being deferred to the Transport Secretary.

In its catalogue of costs, British Rail cites operating expenses of £1.96m a year on top of an immediate outlay of perhaps £5m for Ribblehead viaduct and improved signalling.

Although passenger traffic in the summer can be heavy, in winter it is seldom busy. Annual revenue is about £1m.

However, a rescue plan is being drawn up at the instigation of the Settle-Carlisle Joint Action Committee – an umbrella organisation for a bevy of Buffers including local authorities and railway interest groups.

The scheme includes imaginative proposals for using long-term unemployed people to repair and refurbish buildings and environs to cash in on the tourist boom.

Financed with a £5,000 grant from the Manpower Services Commission, J. Jarvis & Sons, a building and civil engineering company, is preparing a feasibility study for a scheme to exploit the line's tourist potential.

Jarvis already has experience in renovating sites of historical industrial interest from its £3m facelift of Stockport Railway Viaduct. Like that project, the Settle-Carlisle plan would use long-term unemployed on community programmes to rejuvenate the line – and, in turn, the local economy.

Projects under consideration include the restoration of 20 stations and main viaducts, and the construction of visitors' centres to provide all-weather tourist facilities.

The key features, which might turn the Government's decision in the Buffers' favour, are the emphasis on stimulating tourism and local entrepreneurship while providing jobs in a relatively depressed area.

The project is estimated to cost about £20m, spread over several years, with about a quarter provided by private-sector sponsorship and the rest by the Manpower Services Commission. In addition to work during the construction phase, it might create up to 5,000 long-term jobs. Attractions in the area, probably managed by trusts, would be run as commercial operations.

"We are talking about this as a profit-making venture. We have no rosy ideas about someone coming along and bailing us out," said Dr John Whitelegg, transport specialist at Lancaster University and former chairman of the joint action committee.

Such entrepreneurship is not unusual among scenic-railway enthusiasts. In the absence of unlimited charity, Buffers have adopted the language of accountants and financiers.

The Festiniog Railway Company is a case in point. In October, less than a week after the slide in share prices began, the company launched a stock offer to raise £400,000 to pay debts and finance maintenance work.

The company, formed by Act of Parliament in 1832, will not pay dividends but is offering cheap travel to buyers on its picturesque line among the slate quarries of North Wales. So far the issue has raised £170,000.

The company has made a modest profit every year since 1983 but is quick to point out this is not its main aim. Mr David Pollock, general manager, said: "I think it is more the fun of running it – although making money is always an essential prerequisite because it is a measure of efficiency."

In a Department of Transport where some believe Sleepers are in the majority, that glitter of entrepreneurial zeal may give victory to the Settle-Carlisle campaigners. If Mr Channon is not convinced, the Buffers might find themselves at the end of the line.

Determined Dr Owen plays for high stakes with fourth party

Peter Riddell looks at the former SDP leader's attempt to escape from the fringes of politics

"WHAT'S GOING to happen to David?" Mrs Margaret Thatcher has apparently been heard to ask in a concerned way about the former Social Democratic Party leader.

The answer is that Dr David Owen, battered, somewhat tired, but still determined, is building up his continuing Social Democratic Party, which will be separate from the new merged Liberal and majority SDP party. He will definitely not be joining the Conservative Party.

During 1987 Dr Owen has moved from the centre to the fringes of British politics. He is the leader of a breakaway group with just two other MPs, apparently consigned to oblivion under the inescapable laws of a first-past-the-post electoral system.

Yet, while certainly not euphoric, Dr Owen is in no sense downcast. His Campaign for Social Democracy, the core of the continuing SDP, claims 15,000 supporters and has just started direct mail shots to broaden its base. It has financial backing from several wealthy individuals, not just Mr David Sainsbury from the supermarket family but also Mr George Apter, Mr John Boyle and Mr David Astor, all of whom have been long-term backers of the SDP.

Dr Owen naturally rejects the view of many former associates and most commentators that he made a big strategic error in turning his back absolutely on merger talks after the June general election.

He argues that a split was inevitable, and is irrevocable. There were tensions among leading Social Democrats about relations with the Liberals going back to the formation of the SDP in 1981. So, in his view, it is better that those who want merger should go off and unite with the Liberals. That is why his supporters have played no part in the merger talks and why he wants them to abstain in the forthcoming votes by the SDP and its members on the merger terms.

Nothing has been changed by the result of the talks, or by the rumblings within the Liberal Party against the terms. He believes the policy-making assembly proposed for the merged party is too large at 2,000 and argues that there are insufficient checks and balances in the policy-making process.

Overall, Dr Owen believes the new party lacks freshness and is in danger both of turning its back on multi-party coalition politics and of being too willing to be aligned with Labour

The continuing SDP will go ahead, based on the three MPs, a nucleus of peers, about 100 parliamentary candidates, 200 local councillors, assured financial backing and a tight central organisation run by Mr John Cartwright and partly consisting of the fund-raisers from the SDP's existing headquarters.

Dr Owen's group will be seeking to win the support of as many as possible of the existing 58,000 SDP members, although the probability is that many will drop out entirely in reaction to the past six months' wrangling.

Otherwise, the continuing SDP will adopt a low-key approach, accepting that next May's council elections are likely to be a mess,

Dr Owen is playing a waiting game – assuming that the Government will remain popular for another year – that the launch of the new Alliance party will be half-hearted and will lack momentum, and that any Labour recovery will be partial. Dr Owen has publicly conceded that Labour is at last making some necessary reforms and has a sharper team, but he believes that any changes, in, for instance, defence policy, will be limited this side of a general election.

The life of third parties has been frustrating under the British political system, and that of fourth parties even more miserable and short-lived.

Yet Dr Owen retains the natural resilience of all leading politicians. As ever, he is hoping for a hung parliament without an overall majority for any party, while considering success to be keeping a continuing SDP going with a larger Commons representation after the next election. It is a high-stakes gamble.

TV current affairs series 'still biased'

BY RAYMOND SNOODY

TELEVISION CURRENT affairs series are still failing to maintain "due impartiality" on matters of political controversy, in spite of significant improvement over the past year according to a report published yesterday.

The Media Monitoring Unit, which published a report last year on bias in TV current affairs, looked again at 100 programmes between January and June.

It praises Channel 4's A Week in Politics for "achieving fair and balanced coverage of a very broad spectrum of political issues."

BBC 1's Panorama is also praised for achieving what the unit sees as balance in 70.6 per cent of its items,

Granada's World in Action managed political balance in only 31.3 per cent of monitored programmes on political topics. The remaining 68.7 per cent were seen as biased towards the left.

The unit reserves its strongest condemnation for Secret Society, the BBC 2 series. All the programmes were classified as unbalanced in favour of the left.

The Monitoring Unit says it is concerned by current affairs programmes that give "a strongly negative view of modern Britain" and portray widespread anti-Americanism .

Media Monitoring Update. 10 Barley Mow Passage, London W4 4PH. £9.95.

Christmas Day papers plan

BY RAYMOND SNODDY

SOME NEWSPAPERS may in future be published on Christmas Day after what is seen as the successful production of four national newspapers on Boxing Day.

Mr David Montgomery, editor and managing director of Today, one of the four titles that broke new ground by appearing on Boxing Day, said yesterday: "The ultimate aim is provision of a service 365 days a year as television does."

Mr Rupert Murdoch's Today, Times and Sun published on Monday, as did Mr Robert Maxwell's Daily Mirror.

Mr Montgomery, who estimated Boxing Day sales of Today at 561,200 – more than 200,000 up on its normal circulation – said: "I am sure there will be serious thought given to Christmas Day next year."

The situation in 1988 may be complicated by the fact that Christmas Day is a Sunday.

Mr Michael Hoy, managing editor of The Times, was delighted by the response. The Times, he believed, had sold 550,000 and sold out early in many areas.

The Times intended to publish on Boxing Day next year and did not rule out Christmas Day publication in future. "There is no reason why newspapers should not publish 365 days a year," he said.

The National Federation of Retail Newsagents yesterday finished surveying a sample of its 31,500 members which showed that 43.7 per cent had opened on Boxing Day.

Mr Ken Peters, chief executive of the federation, said he did not regard such a figure as a success from the publisher's viewpoint. He believed "unreasonable pressure" had been applied to try to persuade newsagents to open.

The federation's policy remained that there should be three newspaperless days a year - Christmas Day, Boxing Day and New Year's Day – even though about 70 per cent of his members opened last New Year's Day.

Mr Rodney Buse, managing director of W. H. Smith's wholesale newspaper business, said more than half the 17,000 newsagents supplied by W. H. Smith had opened on Boxing Day.

However, many high street shops closed while local newsagents were open.

The 40-50 W. H. Smith branches that normally deliver newspapers delivered them on Boxing Day and a further 70-80 branches sold newspapers outside on trestle tables although the shops themselves did not open.

How would W. H. Smith view the possibility of Christmas Day publication? "If that is progress, we will have to live with it," Mr Buse said.

Austin Rover lifts exports

By John Griffiths

AUSTIN ROVER export sales this year rose by more than 30,000 units, or about 30 per cent, the company indicated yesterday. It has yet to issue detailed export statistics but said about one in three of the 468,000 cars made were sold abroad.

Last year the company exported 120,000 cars of a total 408,677 made. This year's total output is a 14 per cent rise on that of last year.

The company said output rose through the year, from 9,360 a week in January to 11,000 a week by Christmas. It took on several hundred extra production-line workers in the year to cope with increased output levels.

It said higher output levels were achieved across its model range. There was a particularly big rise for the Honda-based Rover 200 model, production of which rose 16 per cent.

Growth also reflected the start of Rover 800 shipments to the US.

Domestic sales were up only marginally in volume terms and the company has lost market share.

In the year's first 11 months, UK sales were up by just less than 1 per cent, to 284,356 units from 281,586. However, market share for the period fell to 14.79 per cent, from 15.63 per cent in the corresponding period last year.

Fund managers predict market boost

BY RICHARD WATERS

THE Stock Market will rise by between 15 per cent and 25 per cent next year, according to leading investment trust companies.

That optimistic prediction, coming on a bad day for shares in London, was echoed by Prudential Portfolio Managers, who expected "some recovery in 1988".

The fund managers base their predictions on the continuing strength of the economy, a low rate of inflation and strong corporate profitability.

The investment trust managers, whose views were canvassed by the Association of Investment Trust Companies before yesterday's renewed stock market selling, also predict that the UK market will outperform its overseas rivals, reflecting better economic prospects.

One market that still bemuses fund managers, though, is Japan's, which has held up better than others since the worldwide wave of panic selling in October.

Mr Paul Manduca, of Touche Remnant, questioned whether Tokyo's performance could be maintained, while Mr Keith Falconer of Martin Currie Investment Management veered to the opposite extreme, advising investors to put 60 per cent of their money into Japanese equities.

The Pru's Mr Mick Newmarch seemed to spell out the views of most investment managers when he admitted that the Japanese market "remains to an extent an enigma".

Consumers show more optimism, researchers find

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

THE BRITISH PUBLIC is starting the new year in a far more optimistic mood than at the end of last year, according to The Conference Board, a US research group.

The board's consumer confidence index, launched in 1986, last month advanced from 123.7 to 127.4, more than making up the 2-point loss recorded in November after the market fall.

However, the board points out, most of December's improvement reflected consumers' confidence in the current economic situation: there was virtually no change in expectations.

While respondents continued to show some signs of reserve over the outlook for the next six months, there were no indications that they felt recession presented an immediate threat.

In broad terms, people were more optimistic than in November, but not quite as positive as in October. Some 19 per cent expected business conditions to improve – a slightly lower ratio than a month earlier – but still much higher than in 1986.

More than 20 per cent felt more jobs would become available in the first half of the year, while the percentage expecting fewer jobs had barely changed

A third of the sample expected family incomes to rise in the near future – the same as in November – but more than 10 per cent were concerned that their incomes would fall, against 7.5 per cent in October.

Views on employment trends showed a gradual increase in confidence, with 24 per cent saying enough jobs were available.

Winter sunshine holiday demand jumps by 15%

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

MORE Britons are flying off for a sunshine holiday this winter even though bookings for next summer's holidays remain sluggish.

Travel agents and tour operators yesterday reported that demand for winter holidays was likely to be at least 15 per cent higher than last winter's record 1.7m package holidays sold to destinations where sunshine is virtually guaranteed at this time of the year.

The dollar's fall against sterling is also leading to a boom in holidays to Florida and parts of the Caribbean.

Mr Charles Newbold, managing director of Thomson Holidays, the largest winter sun tour operator, said: "Our winter sun market is going very well." Thomson estimates the market demand to be between 15 per cent and 20 per cent higher this winter.

"Demand for winter sun holidays is pretty healthy," said Mr Roger Heape, managing director of Intasun, the UK's second largest tour operator.

Roger Heape: "Demand is pretty healthy"

The strength of the winter holiday market is in sharp contrast to the outlook for package holidays next summer. Slower bookings over the past two months have forced all the leading tour operators to make further price cuts in an effort to stimulate demand.

If those cuts fail to encourage holidaymakers to book for next summer, the tour companies are likely to reduce sharply the number of holidays on offer rather than sell holidays at cost price at the last moment.

The strong growth in the winter holiday market has come as no real surprise to the travel trade. Last summer the leading tour operators all launched winter holiday programmes at competitive prices in a move to increase the overall market, which is about a fifth of the size of the summer holiday market.

Rising living standards in recent years have led to many consumers being able to afford to take two overseas holidays a year.

While short-haul holidays to southern Mediterranean destinations are still the most popular winter resorts, the long-haul market is growing at a faster rate.

Figures from Pickfords Travel, one of the leading travel agency chains, show that while bookings for short-haul winter holidays are up by 16 per cent in comparision with last year, the long-haul market is about 28 per cent up.

The popularity of long-haul holidays is leading to some shortages of supply.

"There does appear to be a boom in last-minute long-haul bookings and unfortunately we've been unable to handle all the demand," admits Mr David Hibbert, a director of Africa Bound Holidays, an operator specialising in safaris to central Africa and Kenya.

"People seem to think it's safe to book long-haul at the last minute, but this just isn't the case any more," he said.

BR plans faster travel time to Scotland

By Kevin Brown, Transport Correspondent

BRITISH RAIL hopes to reduce journey times from London to Edinburgh by up to 20 minutes next year as a result of improved maintenance techniques.

BR has spent £5m on machines that allow trains to run over newly maintained track at full speed, eliminating temporary speed restrictions, which can last several days.

That will cut journey time from four and a half hours to about four hours and 10 minutes. The opening in 1991 of a £316m electrification scheme along the east coast will save a further 10 minutes.

The first of a new generation of electric locomotives, designated Class 91, will be introduced between London and Leeds in the summer, as will a new design of diesel locomotive, the Class 90, on the west coast route to Glasgow.

Timetable changes due in May include early-morning London trains from the north-east, Carlisle, Manchester and the West Midlands. A new connection is planned at Luton with the Thameslink service across London to Gatwick and Brighton.

InterCity also plans to increase the number of Pullman trains between London and Bristol, south Wales, West Yorkshire and Manchester.

Eric Short explains how actuaries hit the headlines with their mortality estimates

Media mistake the message over AIDS

NEVER IN its 200-odd years of history has the UK actuarial profession occasioned so many headlines on mortality risks as it has in the past few weeks. Newspaper reports have warned "AIDS poses cash threat to mortgage policies," or "Actuaries warn that life assurance premiums will double because of AIDS."

The stories have resulted from a bulletin issued by an actuarial working party on the disease.

Actuaries have always been closely involved in the financial operations of the life assurance industry – fixing premium rates, valuing liabilities and setting up reserves. They are closely involved professionally in measuring the effects of AIDS, with particular emphasis on its likely effects on mortality rates – the actuary's special province.

Throughout those two centuries the profession has been little known as far as the public is concerned. Only in recent months has a decision been taken by the Institute of Actuaries, one of the two professional actuarial bodies in the UK, to pursue a higher public profile.

However, the early attempts at publicity have shown that actuaries have much to learn in this respect, in particular when dealing with such an emotive and highly newsworthy subject as AIDS. The latest move by the profession to publicise findings of its studies into the disease has turned into a chapter of accidents.

The Institute of Actuaries set up a working party on AIDS some months ago, under the chairmanship of Mr Chris Daykin, who heads the social security division of the Government Actuary's Department.

Much of the institute's work is done by its fellows (members) outside their normal business environment and relates to general professional issues rather than specific business functions. The AIDS working party operates on such a basis.

Its remit was to collect available information on AIDS and ascertain the likely effect on mortality rates and the implications for life assurance financing.

The reports of the working party were to be published regularly both to inform actuaries and for discussion of any recommendations. However, there is nothing binding on actuaries in any report. The response is a matter for the individual.

In line with the higher profile, the reports would be made public through the media.

The first bulletin from the working party was received with favourable comment by the media. However, the recently published second bulletin, containing a series of radical recommendations, was seized on avidly.

The working party has used all available data, which are still somewhat sparse and lacking in precision, to produce a series of models forecasting numbers of deaths during the next two decades, with varying assumptions on the proportion of the population infected by AIDS.

The pattern shows the number of AIDS deaths peaking in about 10 years' time, thereafter levelling out. On a severe assumption of 10 per cent of men affected, the number of deaths a year peaks at below 100,000, all occurring in the 20–64 age grouping. On a more sanguine set of assumptions, the number of extra deaths would be about half that figure.

If the figure of 100,000 were to prove correct, it would be four times the pre-AIDS number of deaths in this age group.

It was the misinterpretation of such statistics, together with a reflection of the situation in the US, where life companies have been hit hard by AIDS claims, that generated stories of financial time-bombs. In fact, actuaries consider that while the outlook on AIDS is serious it is not yet anywhere near disastrous.

"The report suggested that bonuses on with-profit contracts might be reduced by up to 20 per cent and the charge made for life cover doubled.

It was the latter point that caused considerable misunderstanding. The bulletin used the term "net premium" - the actuarial jargon for the life cover charge.

However, the layman's interpretation was that all premiums would be doubled and some of the media said so, warning householders that endowment mortgage premium payments might double. That statement has upset life companies and their trade association, the Association of British Insurers.

The mortality cost in a savings contract such as an endowment mortgage contract is only a small proportion of the overall premium. The ABI calculates that doubling the mortality cost would add about £1 a month to the average premium for an endowment mortgage, instead of £30 implied by the press.

Finally, the working party made its most contentious recommendation that every person applying for life assurance with life cover of at least £50,000 should automatically have a blood test for AIDS virus antibodies.

The bulletin went into a detailed explanation as to how that conclusion was reached. Essentially, the working party fears that AIDS will jump the heterosexual gap, based on evidence from the US which indicates that that might be happening. If so, then premiums would rise substantially all round.

The working party contends that the rise would be less if there were automatic blood tests than if life companies continued their present rather relaxed underwriting methods.

In this respect the recommendation is following what is becoming standard practice in the US for automatic blood tests for $100,000 (£54,000) cover.

The working party's bulletin sought to explain the situation to actuaries, present the alternatives and point out what it regarded as the best approach. It was intended that the subject would be discussed by actuaries, but, taken out of context, it looked like a general instruction to life companies on their underwriting practices and it was presented as such.

Certain life companies felt that the working party had gone beyond the boundaries of the actuary's professional responsibilities, and that in any case the proposal was unworkable. Every person sent for an AIDS blood test has to be counselled on the implications in consultation with his or her doctor. Life company underwriters claim it would be both expensive and time-consuming.

The ABI is already engaged in delicate negotiations with the British Medical Association over medical information sought by life companies from doctors on life assurance applicants.

The BMA does not like the style of questions being asked in proposal forms, particularly the casual way in which consent is given by the person for the life company to approach his or her doctor.

The working party is doing an extremely useful job in disseminating and analysing information on AIDS to be discussed by the profession.

However, many feel it needs to liaise much more closely with other interested bodies in publicising its research. If actuaries are going to adopt a higher profile, they must at least give plain-language explanations.

Drugs industry sees no change to NHS

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

FACTORS WORKING against fundamental change in the National Health Service are still stronger than those working for it, says the Association of the British Pharmaceutical Industry in its review of the politics of health care, published today.

The review says the service is likely to prove more enduring than the recent public debate about its deficiencies may have suggested and that it will remain the overwhelmingly dominant provider of health care for the foreseeable future.

Privatisation could not be offered as a plausible means of cost-cutting because the NHS is known to be a remarkably economical system by international standards.

Private hospitals remain "peripheral to the Conservative Government's mainstream health care policies" and, in practice, the Government's support for private health care has been restricted to eradicating obstacles to its development.

The review says no significant tax incentives have been introduced to stimulate private health insurance and such action would run counter to the Thatcher philosophy of avoiding public-sector subsidy of private industry.

In any case, the report suggests, it is probable that such tax relief would cost more in lost revenue than it would save in reduced demand on the NHS.

The report refers to an apparent contradiction between a high approval rating for the NHS from those who have experienced its medical treatment, and a similar large percentage of people who see the health service as "underfunded and generally in a state of decline."

That, it suggests, arises because while a minority of patients waits a long time for treatment, most are relatively well catered for. "Thus most patients' individual experience is at odds with the picture of decline often painted by the NHS interest groups and the media," it says.

The review says the core of the NHS continues to enjoy public confidence. However, it takes a different attitude towards the care of the elderly, mentally ill and mentally handicapped in the community.

"That is an issue on which Sir Roy Griffiths, NHS board deputy chairman, is about to report to the Government.

The review says: "It is no exaggeration to see funding of community care as one of the crucial decisions on which the future development of the welfare state will depend."

It says there is widespread acceptance among professionals and consumers that community-care policy has gone badly wrong and that for the Griffiths working party a clear choice exists between cash-limited budgets and entitlements as of right.

The working party's outcome, it says, will be an interesting test of the priorities of mainstream Conservatives to see how the inherent conflict between economy and consumer choice is resolved.

Health Focus 1 - The Politics of Health Care; Association of the British Pharmaceutical Industry, 12 Whitehall, London SW1A 2DY; £3.

More hospital audits

FURTHER checks on hospital productivity are to be introduced by the Government in the new year.

NHS hospitals will be required to submit quarterly returns on waiting lists, numbers of patients treated and income and expenditure.

Last month the Government made an additional £100m available to health authorities for use in the current financial year. But when the Treasury provided the money it insisted that better means of monitoring hospital performance should be introduced.

Information disclosed by the checks will be used to encourage hospitals with below-average performance levels to consider restructuring their organisation.

Directors' pay in small companies 'up 8.6%'

BY RALPH ATKINS

THE BASIC PAY of directors in small UK companies rose 8.6 per cent in 1987, according to a survey published yesterday.

The rate of increase was less than in large companies and scarcely higher than the average for all workers, says Monks Partnership, an independent remuneration advice company.

However, basic pay does not include perks and bonuses for board members. These, the survey finds, are now widespread in small companies.

The survey covered board and senior management earnings in October in companies with a turnover of less than £20m. It finds that chairmen or chief executives have a typical basic salary of £40,000, while the average board director earns £29,400.

Average total earnings of chairmen or chief executives, including bonuses and additional fees but not perks, was £50,700 – a 14.2 per cent increase on 1986.

Performance-related bonus schemes are operated for directors by 71 per cent of companies surveyed and for senior management by 48 per cent of them.

Board and Senior Management Remuneration – Companies up to £20m turnover, 1988. Monks Partnership, Debden Green, Saffron Walden, CB11 3LX. £35.

MANAGEMENT

Not walking by on the other side

Alice Rawsthorn explains the Samaritans' use of its volunteers

IN THE early 1930s a teenage girl in South London committed suicide because she believed she had contracted an incurable disease.

The girl had begun to menstruate. But she had no-one to talk to – no-one to explain what was happening. Dr Chad Varah, the Anglican priest who buried her, never forgot the girl, nor his conviction that she had been driven to suicide only because there had been *no-one for her to turn to*.

Nearly two decades later, when he became *rector of St Stephens Walbrook* in the City of London, Dr Varah introduced a counselling service in the vestry whereby people who were lonely or depressed *could come to talk to him* about their problems.

So many people responded that he called upon volunteers from the parish to help. Initially the volunteers helped by talking to the people waiting to see Dr Varah, but they soon began to act as counsellors.

***Gradually the service expanded.* It moved from the vestry into the crypt. Then similar counselling services were *set up in different places and the Samaritans movement began*.**

THE PROSPECT of managing more than 22,000 people with different skills and diverse *backgrounds would strike fear* into the hearts of even the most proficient of personnel executives. If those people were volunteers the prospect *would be doubly daunting*.

Yet this is the challenge that confronts the Samaritans, the British charity which deploys a network of volunteers to offer round-the-clock support for people in distress. Last year the Samaritans dealt with more than 2m contacts in more than 3m duty hours at 182 centres throughout Britain and the Republic of Ireland.

The raison d'etre of the *Samaritans is to "give emo*tional support to those in distress when life may have become too much to bear."

The nature of the work means that the administration of the Samaritans must meet a double objective. First, it must ensure that the volunteers operate an efficient service. Second, it must provide a support structure to help them to work under intense emotional pressure.

As the Samaritans has grown over the years since the early 1950s – particularly in the *1960s and 1970s* when its growth was most rapid – its organisational structure has evolved.

The movement functions at three levels. The local branches, *headed by a branch* director, offer a support service in their areas and raise funds to finance it. The branches vary tremendously in size – *from the largest*, in Central London, with 430 active volunteers, to the smallest, in Shetland, with just 25.

These branches are grouped into 13 regions which, under the aegis of their regional representative, offer advice and organise regional facilities, such as training programmes.

In turn, the regions report to *the national organisation*. This is composed of the executive committee, which embraces 25 members including the regional representatives and most of the 12 paid staff at the movement's headquarters in Slough, west of London; and the council of *management*, which involves a representative of every branch.

The executive committee meets five or six times a year and is responsible for the day-to-day organisation of the movement. The council of management meets twice yearly and takes decisions about policy issues. The small team of paid *staff provides* support in areas like fund raising, training and publicity.

Thus far the Samaritans is structured in much the same way as many other national charities, and indeed as are many companies, with local *subsidiaries reporting* to divisions and thence to a national board. Where the Samaritans *differs is in the management of* of its "personnel": the volunteers.

"The most important factor is that the motivation of a vol*unteer is quite different from* that of a paid employee," says Simon Armson, assistant general secretary. "A volunteer is, by definition, unpaid and will bring considerable personal commitment to their work.

"But the strain of dealing *with people in distress is enor*mous. Moreover, most of our volunteers combine being a Samaritan with jobs and families. As a movement we always assume that jobs and families must come first."

The first step is to ensure that the *right* people become Samaritans. The movement is continually looking for new recruits. The present service is stretched to the limit. Armson estimates that 6,000 more people are needed for the service to function efficiently. And *each year sees a 30 per cent* turnover of volunteers.

Media attention helps. When Kathy Beale, one of the characters in EastEnders, the BBC *soap opera, recently "joined"* the Samaritans, there was a discernible increase in interest. The movement also advertises. "Could you handle cancer, heart disease and AIDS all in the same week?" asks one of its recruitment posters.

The selection procedure must identify vulnerability or prejudice and whether the prospective recruit will be able to cope with distress without becoming too involved. After the initial interview, there is a preparation class with role playing.

This is followed by a period in which the prospective recruit becomes involved in the work of the branch as an observer. After six to nine months of supervised probation, there is a final interview with the director. Only a quar*ter of those who apply* are accepted. Most withdraw on their own volition.

Once the applicant has been accepted he or she will be expected to fulfil their responsibilities within the branch and to play a part in its organisation. In theory, each volunteer is commited to one shift a week, including a night shift *every month*. The day *shifts* tend to be three or four hours long, while the night shifts last for eight to ten hours. The work involves dealing with people on the telephone, by letter or in face-to-face sessions.

In order to alleviate the emotional strain on *volunteers* there is a rule that no-one is ever on duty alone. At the end *of each shift a "leader"* – who will have been on call at home throughout – will make contact.

If particular problems arise – *anything from a nosy local* newspaper reporter rooting around for news or an especially distressing issue – there is a strict hierarchy for referral. First, the duty director, one of the team of deputies working under the director, would be informed, then the director. In turn he or she would report to the regional representative and thence to David Evans, general secretary, *or Simon Armson*. Both Evans and Armson are on call day and night.

This system tries to ensure that individual volunteers are supported both by immediate help – from the leader and duty director – and by the movement's formal hierarchy.

Volunteers are also expected to develop their skills by participating in training and in conferences and seminars. If an important *new* issue arises, as AIDS did a few years ago, the national organisation will produce explanatory reports.

One salient feature of the Samaritans is that it devolves a *great deal of responsibility to* local branches. The national organisation provides a broad support structure and defines the crucial principles which characterise the movement. *Otherwise* the branches are left *to their own devices*.

Each branch is financially self-supporting; typically it raises *just* under £10,000 a year from raffles, jumble sales and rattling tins on street corners. The branches are also responsi*ble for their own services and* premises.

This system runs the risk that volunteers *will* become swamped with duties, thus sapping their energies and distracting attention from the service itself. In order to resolve this, the organisation of each branch is divided between the director and his or her depu*ties, who assume responsibility* for the quality of the service and for the volunteers, and an executive committee which handles practical problems like fund raising and maintenance.

The task of building up a national network is now completed. But as a movement, the Samaritans *is* far from satisified with its structure. From *time to time modifications* are made. Two years ago it reshuffled the regions. Occasionally it undertakes specific projects, such as its recent attempts to raise awareness of its work in prisons and the farming community.

The *priority for the future* is to ensure that those branches are run efficiently and that its *service is made available* to as many people as possible.

Alas - another video

Michael Skapinker on a conjunction of comedy and training

Mel Smith and Griff Rhys Jones: hoping to create a bigger market

IF FRUGAL working lunches leave you feeling peckish at the best of times, you should probably not share them with Mel Smith and Griff Rhys Jones.

The ferocity of their assault on *the salmon* sandwiches and pate makes it difficult to keep up, particularly if you are trying to take notes at the same time.

Their rapid eating is not the only hazard. The interview is interrupted twice by the unexplained ringing of the fire alarm and once when Tom *Blackmore, the British comedi*ans' colleague, accidentally sprays champagne all over the table and carpet.

Blackmore, before he teamed up with Smith and Jones, used to work for Video Arts, a highly successful UK producer of management and industrial training films.

Video Arts is probably best known for its association with John Cleese, an original of the Monty Python team and star of *the comedy series, Fawlty* Towers. Cleese writes scripts for Video Arts and has appeared in many of its films.

The company, with a Queen's Award for Exports, has demonstrated that comedy and management training can be a winning combination. And whatever Cleese can do, Smith and Jones reckon, they can do better – or at least just as well. With the help of Blackmore and others, they too are about to launch themselves into the management training *field*.

Their vehicle is a company called PlayBack, headed by *James Bellini*, a former presenter of the BBC's Money Programme and Panorama. Blackmore is its general manager. Apart from longer films, PlayBack also intends to make short videos, to be used as an introduction to training pro*grammes or before* breaks *for* lunch or tea. The short films will include the comedians' head-to-head dialogues, made famous on their Alas Smith and Jones TV series.

But what do the two really know about management? Are they adherents of any particular management philosophy? "No," says Jones. "It is very important for a film to have some authority and to take a stance. But I'm not sure that a great deal of theorising is important in this sort of *thing*."

So what is important? Finding out what the customer wants, says *Blackmore*. "When we decided what subjects to tackle, we spoke to a number of companies, managers and trainers. The expertise is out there. What we've done is talk to the people who are actually using it."

Smith and Jones *point* out, too, that they are *not* complete strangers to the field. They have, *for several years*, been making specially commissioned videos for companies.

But what can they bring to the making of films for general distribution that Video Arts does not already offer? "What we bring to it is the comedy of our generation and the attitude of our generation," says Smith. For the most part, they avoid any *criticism of* Video Arts. But they argue that Cleese has been around for a long time and that there is now a place for something fresher.

"Video Arts are to be congratulated for creating the market," Smith adds. "But it isn't the case that that market is so defined that we'll be taking business away from them. *What we're hoping to do is* create a bigger market."

There are, of course, companies which do not use well-known comedians in their training videos. They argue that the danger with such films is that managers and other employees *watch them* for a good laugh rather than for any serious consideration of the *issues* raised.

Smith and Jones argue, however, that their brand of humour is more likely to make an impact on sceptical British employees than serious videos, which might be suspected of being company propaganda.

Their first short film, for example, is made for the start of a day of training. Smith and Jones are *pictured waiting for* the proceedings to begin.

"This training lark, it's a game, *innit?*" says *Smith*. "About as much use as an ashtray on a motorbike, my son."

"You don't think there's a tiny little possibility that we might actually learn something?" Jones asks.

Smith gives him a scornful *look*. "*Your average trainer, what does he really know? He's* spent years doing what?"

"Training?" suggests Jones timidly.

The short video and two longer films are due to be released in mid-January. One of the *films, on teamwork*, shows Smith visiting Jones in prison to dissect, in a series of flash*backs, the latter's failure as the* leader of a gang of bank robbers.

While the film has its moments, not all its lines are up to the standard set by Video Arts – or indeed by Alas Smith and Jones. "When you come out of the bank you're going to feel like a million dollars," the getaway driver tells the gang. "*We're going to have a million* dollars," comes the unfunny reply.

The second long *film*, on selection interviewing, had not been completed at the time of writing, but what there is of it shows more promise. The two *are shown* bumbling their way through a disastrous set of interviews, gradually acquiring a useful set of *skills*.

Not all interviewers would confess to Mel Smith's crime: desperately scanning the candidate's curriculum vitae for the first time when its author is already sitting in front of him. It is, however, a situation *which many an interviewee* would recognise instantly.

TECHNOLOGY

DCS steps smartly to carve itself an electronics niche

Alan Cane explains how the tiny Cambridge spin-off plans to capitalise on its expertise in signal converters

THERE ARE still niche mar*kets in the electronics business* that a smart European company can profitably exploit if it is quick on its feet. That, at least is the belief of Data Conversion Systems (DCS), a tiny UK company based in Cambridge with world-beating skills *in the development* and manufacture of high performance analogue to digital converters *(ADCs)*.

A *spin-off* from the prestigious high technology group Cambridge Consultants (CCL), it has been backed to the tune of £420,000 by the experienced venture capital company Thompson Clive & Partners.

After only nine months, the company is ready to launch its first product, an ADC for radar *systems that effectively substi*tutes for a similar product built by a US company. Later in the year it will launch a converter for digital audio studios that it thinks will have no direct competitor.

ADCs may sound esoteric, but they are critical to the performance of many electronic systems including radar, sonar, laboratory *instruments*, medical imaging and electronic warfare.

In principle they are very simple – they accept an analogue signal from a sensor and convert it *into* a digital signal that can be understood and processed by a microprocessor.

Simple, low performance ADCs are easy to make and cheap to buy – as little as £1 each. High performance ADCs are complex and costly – as much as £30,000 each for systems used in airborne radar, and require *special* skills for *their fabrication*.

This is the market niche which Data Conversion Systems hopes to inhabit and dominate. Its business strategy is based on four points:

- There is no comparable design team or manufacturer *in Europe. The technologies* used are complex and there is a severe shortage of competent analogue design engineers.
- There are only two independent design houses in the US – Burr Brown and Analogue Devices – the rest are tied *to specific companies*.
- It uses the most advanced theoretical approach.
- It has developed its own test equipment for technology *where commercial* test rigs are simply not available.

How do ADCs work? The incoming analogue signal can be though of as a waveform. The ADC examines the waveform at a predetermined sampling rate – anything between *10 and 10,000m* times a second – measuring the amplitude each time and expressing the result in language the com*puter can understand*, binary digits (bits). The more binary digits used, typically between eight and eighteen, the greater the accuracy.

The major difficulty is that there is a clear trade-off between the rate at which the signal can be sampled and the accuracy obtained. As DCS argues: "It is much more difficult to design very high resolution (accuracy) converters *than it is to design* lower resolution devices with the same sampling characteristics. So 18 bit, 50MHz (50m times a sec*ond) ADCs do not exist*, while 8 bit, 50MHz devices are relatively plentiful."

To meet every requirement, a whole battery of technologies has to be used. Michael Story, DCS managing director and the company's technical leading *light* points out: "You need a bigger mix of technologies than you can achieve in any one process."

"You might need a variety of architectures and technologies – CMOS and bipolar – on a single chip."

There *is*, for example, a technique which will allow sam*pling rates of up to 1,000m* samples a second. It uses the esoteric material gallium arsenide for speed, yet it allows an accuracy of only 11 bits. Five years ago, it allowed an accuracy of 10 bits. The extra bit is worth having, but progress is clearly very slow.

DCS is putting its faith in a technology called oversampling which looks as if it could allow sampling rates of up to 1m times a second with an accuracy of 18 bits. Essentially, the technique used cheap, low per*formance devices in special cir*cuitry to give a high performance result.

ADCs built using this technology could make a major contribution to the quality of recording in the world's audio studios. Aficionados of the compact disc will be unhappy to learn that today's products will seem crude compared to what will be achieved *tomorrow* using ADCs of the kind DCS hopes soon to have on the market.

DCS is a classic Cambridge Consultants spin-off. Story had established what many regarded as the European cen*tre of excellence in the design* of high performance ADCs. Clients for its consultancy service *include Ferranti, Plessey* and Thorn EMI.

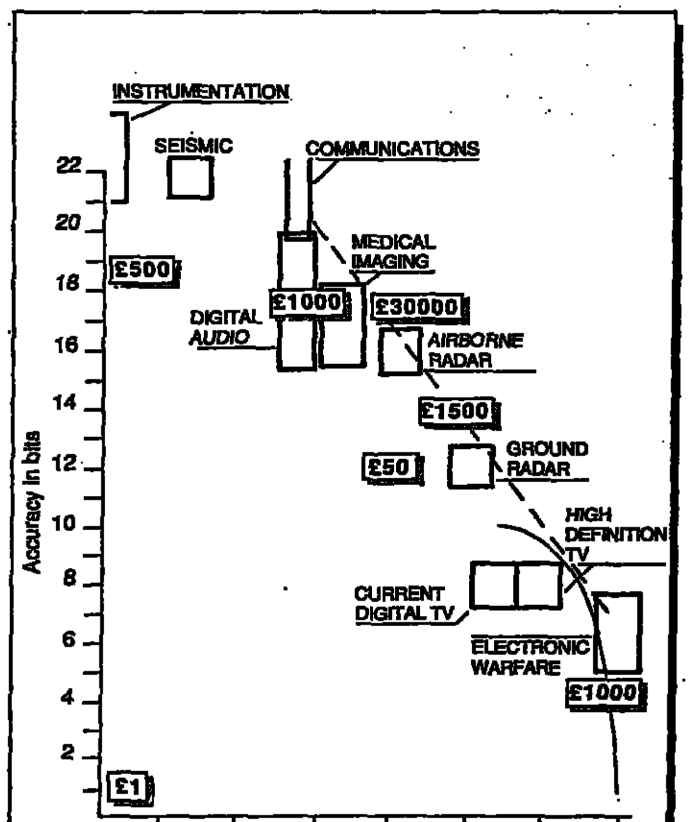
The decision to spin-off a separate company was taken in October 1986 and the key management – Peter Gingold, marketing director and Roger Golder, production director – put in place.

Thompson Clive made its offer swiftly and added Steve Black *to the board as well as* installing as chairman David Talbot, of ICL, who had just completed a period on secondment as one of the driving forces behind the UK Alvey advanced computing programme.

The first product will be pin compatible with a device manufactured by Analogue Devices of the *US* and should *sell* for £1,500 or so. DCS rather obviously claims superiority for its device, but more tellingly, points out that it is offering local *servicing and* maintenance.

Its first unique product – for which the silicon designs are now being completed in Cambridge – will be a 50KHz, 18 bit ADC for audio systems. A stereo pair should sell for about £3,000.

ADCs may constitute a niche market, but it is also a most important one. European sales for the devices could exceed £50m a year. If DCS can take advantage of its apparent lead, it could carve itself a healthy *slice of this cake*.



The dotted line represents the state of the art in converter technology. Low performance converters can cost as little as £1, high performance devices, like airborne radar, as much as £30,000.

Algae thrive in see-through reactor

BY DAVID FISHLOCK, SCIENCE EDITOR

Graham Johnson and Professor John Pirt (right) flanked by "walls" of horizontal polythene pipe forming a module of their transparent *photo*bioreactor. The idea is to breed algae at a rate that will make them a *competitive* feedstock for several premium chemicals and food sup*plements*.

TRANSPARENT plastic pipe hundreds of metres in length, exposed to the sun, forms the reactor used by Photo Bioreactors, a year-old UK biotechnology company which is harnessing some of the most primitive of all living organisms to the manufacture of high-value chemicals.

Simple analogue controls regulate nutrient flow through the pipe according to the energy its contents are absorbing from the sun. The harvest – a rich green or blue, depending on the organism in circulation – is algae, rootless single-cell plants containing sun-catching chlorophyll.

The algae are continuously tapped from the pipe to keep *reactor conditions constant*. The reactor is not aseptic but by close control of conditions Photo *Bioreactors says it is able to keep* infections at bay.

In just a year the company has *transformed* an idea a London professor had nurtured for 12 years, into convincing demonstrations of the continuous culture of algae. The idea is simply to breed algae at a rate that will make this "biomass" a competitive feedstock for several premium chemicals and food supplements.

Professor John Pirt is a chemist and microbiologist who once helped pioneer continuous culture, at the former Microbiologi*cal Research Establishment* on Porton Down. Pirt believes fervently in the commercial potential of photosynthetic biotechnology, ultimately for using land on which it is not possible to cultivate crops by time-honoured methods of agriculture.

Algae crops, Pirt points out, are unique or richer and more convenient sources of such substances as lipids, *high* in polyunsaturated fatty acids, carotenoid and phycobilin pigments (includ*ing beta-carotene*), polysaccharides and certain drugs.

But Pirt, as head of a small team in the microbiology department of King's College, London, had problems winning acceptance for his basic notion. Sceptics said the organism was simply too sensitive to face the turmoil of continuous culture. It could only be cultivated in static tanks, as the Japanese had done for decade.

In 1986, however, his ideas were examined by specialists in *biotechnology investment with* 3i Ventures, who saw not only a promising idea but an opportunity for introducing *both management* and engineering skills to the Pirt concept. Their faith persuaded *the Biotechnology* Unit of the UK Department of Trade and Industry to pay some *of the cost of a technical evalua*tion largely funded by 3i.

The upshot, in December 1986, *was the company Photo Bioreac*tors, backed mainly by Australian venture capital and 3i. The new company acquired Pirt's patents and knowhow in exchange for his continuing cooperation as a director and scientific adviser. King's College also has a stake in the company.

The backers brought in two managers, Graham Johnson and Timothy Hung, with successful experience in starting a new health-care venture. An early hurdle *was to persuade* Pirt that by rearranging the reactor plumbing as parallel pipes fed from a *single* header, the reactor would be more efficient than as one continuous "snake". Hung, a polymer engineer, convinced his scientific adviser.

Johnson estimates that nearly £500,000 has been spent in the past year, to set up the company and its *two pilot* bioreactors at Sonning Farm near Reading, owned by the agricultural *department of Reading Univer*sity. The reactors are in a transparent plastic tunnel – in effect, a large *greenhouse – covering* about 0.25 hectare.

The bioreactor takes the form of "walls" of parallel small-bore polythene pipe, for maximum exposure of the culture to sunlight. The culture *medium*, circulates by air lift. The only other feedstock required, besides solar energy, is *carbon dioxide*. Oxygen is a by-product and can be seen bubbling from the culture *as it flows through* the pipe. "It's very inexpensive engineering, but it works," says Johnson.

The *photo-bioreactor* accelerates natural photosynthesis five*fold*, he claims. The biomass is *doubling in weight* every four days. At this time of the year the pilot reactors are using halogen *lamps to top up natural* sunlight and keep the solar input constant throughout the hours of *daylight*.

But the process needs only 100 watts per square metre of solar energy, compared with about 700 watts available on a bright summer day.

The bigger pilot bioreactor is cultivating Spirulina, a highly pigmented and *protein-rich* organism from Mexico, seen by the company as a potential food *supplement and fish food*, as well as a source of polyunsaturated fats ("better than Evening primrose oil," claims Johnson).

The smaller bioreactor – the first but recently refurbished – is cultivating the less richly pigmented Dunaliella, from Israel's Dead Sea, a source of natural beta-carotene, used as a food and drink colour but also believed to have potential in the *health-care* market.

The company is also experi*menting with the accelerated* growth of "macro-algae" – otherwise known as seaweed – brewed in bigger pipes with a 50mm (2-inch) bore.

Behind the experiments at *Sonning Farm* stands two research teams with links to the venture. One is the team at King's College in Kensington, formerly headed by Pirt, now emeritus *professor*. Under new leadership this team is concentrating on the "downstream" science of separating and refining chemicals from algae.

The second scientific connection is with Cadbury Schweppes' *Lord Zuckerman* research centre at Reading, the group's central laboratories, which provide chemical assay and regulatory advice on the food-related aspects of the venture.

Pirt points out that some algae produce powerful toxins, which obviously raise problems for quality control but also provide challenges, for some of the toxins have interesting pharmacological effects and could lead to new drugs.

In a year, Photo Bioreactors has brought a concept many told Pirt was "impossible", to the point of *convincing* technical demonstrations of a *new* biotechnology. Moreover, it is emerging as a *modular* technology which the company believes should scale up easily to commercial-*sized operations*.

The larger of its two demonstrators is rated at about 100 square metres of bioreactor. A commercial plant, rated at 1 hectare (10,000 square metres) will cost about £3m. But the company believes it will consist essentially of replicated modules of the bioreactor it is demonstrating, running under com*puter control*.

According to Graham Johnson, the company is ready to make the leap. He is forecasting a £10m annual turnover from algae-derived chemicals and foodstuffs within three years.

Television in 1987/Christopher Dunkley

A year when the medium became a series business

The time has come to ring the changes. Instead of starting this annual review with the brightest and the best, or even the most important, let us begin with the flops – after all, it was a vintage year for them: *Chateauvallon*, *A Small Problem*, *Mussolini* and many more.

Intimate Contact was a well-meaning – quite devastatingly well-meaning – ITV drama serial which arrived on screen in March. The idea was to teach us all how even the very nicest heterosexuals can get AIDS; it seems that the most run-of-the-mill activities can do it, such as indulging in orgies with parties of New York prostitutes, the sort of thing that might happen to anybody...or so this drama would have us believe.

The trouble was that we had all just lived through television's AIDS blitz: the biggest campaign of its sort ever attempted. By March you were nobody in the television world if you had not been seen on screen in the preceding four weeks rolling a condom onto you finger. By the time *Intimate Contact* was attempting to build up the suspense with Daniel Massey's "mystery" illness we were all miles ahead of the plot screeching, "It's AIDS, you nitwit!" while poor Claire Bloom was obliged to wrinkle her brow in bafflement.

In television terms it was a bad year for the *Royal Family*, too. Not only did the BBC's Court Correspondent Michael Cole tell all to the Fleet Street Rat Pack in Mother Bunch's in *December, thus pre-empting* the Queen's Christmas message, but in June the younger royals annoyed certain older members of the family by participating in the BBC's *Grand Knockout Tournament*. Though this was organised by Prince Edward and raised a lot of money for charity, the feeling, it seems, was that the carefully controlled "accessibility" of the royal family via television, which began so successfully with Dick Cawston's famous documentary, *Royal Family* in 1969, was now in danger of collapsing into familiarity. And we all know what familiarity breeds.

The poverty in comedy can be judged from the fact that the funniest series of the year were *In Sickness And In Health*, which began 21 years earlier under the title *Till Death Us Do Part* and *Floyd On France* which was a cookery programme. Cookery has long been providing remarkable television personalities (Philip Harben, Fanny Cradock, The Galloping Gourmet) but Keith Floyd tops the lot.

Haute cuisine is not his line at all: he is an evangelist for friendship and French provincial life, and an instinctive de-*mystifier of the television* medium. "We had to stick in this shot of a church because the producer's an architecture freak", he will explain or, impatiently when engaged in the kitchen, "Come on, bring you camera over here and poke it into this!" The quality of his cooking is neither here nor there, and his presentation of food often looks careless, but then he is not really making cookery programmes at all, but eating and drinking programmes, which is quite different. Above all they are funny – more than you can say for the dozens of new situation comedies tried in 1987 and found in every instance that I saw to be deeply trying.

But enough of the bad things, what of the good? If there were awards to be dished out the first would surely have to go to Emma Thompson because she took the female lead in the two top drama serials of 1987: *Tutti Frutti* from BBC Scotland at the start of the year, and *Fortunes Of War*, again from the BBC, at the end. In the first she played Suzi Kettles, the girl who fell for Danny McGlone, the Majestics' replacement rock singer, and in the second she was Har*riet Pringle to Kenneth Bran*agh's Guy, in the war-torn Balkans.

The drama serial award itself would go to *Tutti Frutti* because this was a piece of true television, created for and within the medium. Here sound, and especially music, conveyed almost as much as words and pictures, whereas *Fortunes Of War*, however good it may have been, was yet another adaptation from literature. There is nothing wrong with that, but we have had a tremendous helping of steam trains and fond backward glances, all extracted by British television from books, during the last decade.

In *Tutti Frutti* John Byrne presented us with a fine cast of original television characters: the scheming agent, Eddie Clockerty, and his assistant, Janice Toner, were as full of life as any small-time couple in Dickens, and the members of the band were true individuals. Above all Robbie Coltrane's Danny was a living, breathing, overconfident, sexually inadequate, humourous, impatient, inconsistent real human being. *Tutti Frutti* also deserves a special award for its title sequence, which was not a technical extravaganza like so many – just clever and apt.

There were other good *drama series and serials. Channel 4's adaptation of Porterhouse Blue* had hilarious moments, although the climactic scene where John Sessions, *as Zipper, blew up the condoms with gas and stuffed them up* the chimney proved that the literal medium of television has more difficulty than print in getting away with farcically exaggerated plot. The other series and serials which remain memorable at the end of the year were all BBC productions. It was, surely, something of a mistake to run several stories together to add a spurious continuity to *A Dorthy L. Sayers Mystery*. Nevertheless the first tale, "Strong Poison", was a most impressive example of the genre.

The other two productions both arrived with the autumn schedules and gratifyingly there was *not* a single fair-isle sweater or vintage motor in either. *Pulaski* was Roy Clarke's satire on *Dempsey And Makepeace* in which David Andrews played the drunk and loud-mouthed American actor playing the detective, and Caroline Langrishe played the woman who was both his off-screen wife and his on-screen sidekick. On paper it sounds complicated but on screen it was full of delights. *Truckers* was a series for the age of Thatcherism in which rough-diamond entrepreneurs were forever playing both ends against the middle. It was at its best in the sequences involving real lorries and real driving. Not a bit like *The Brothers*.

The ousting of the single play by series and serials which has been proceeding for a decade is now almost complete. Any single dramas which are still made with television money are almost invariably single films rather than single plays and, in the case of Channel 4, cinema is often the medium with which the directors appear to be primarily concerned. In 1987 it was, yet again, the BBC which produced the most impressive string of single films. In January and February BBC2's "Screen Two" slot improved its already impressive record with four productions in rapid succession: *Will You Love Me Tomorrow*, a summer interlude in the life of a female child murderer; *After Pilkington*, a superbly polished black comedy which won the Prix Italia for drama later in the year; *East Of Ipswich*, yet another of those backward-facing stories of teenage life in a minor seaside *town, so beloved of masochis*tic ex-public school boys; and a gloriously gothick production of *Northanger Abbey*.

In August, during a Dennis Potter retrospective, the BBC's new director-general, Michael Checkland, raised his stock among the thinking classes by finally permitting transmission of the 1976 drama *Brimstone And Treacle* which the Corporation had hitherto suppressed. Good as it is, *Brimstone And Treacle* suffered from the fact that Potter has given us even better work – notably *The Singing Detective* – in the interim.

But at least this was an instance of the wraps being *taken off*. In other areas they were being put on, usually by outside agencies such as the Government, rather than by the broadcasters themselves. At the beginning of the year the police were sent into Broadcasting House, Glasgow, to seize everything connected with Duncan Campbell's series, *Secret Society*. The Government seemed particularly anxious about information concerning the Zircon spy satellite. Yet by December they had quietly returned all the programmes to the BBC admitting, as inaudibly as they possibly could, that after all the fuss and fury nobody was to be prosecuted.

Then, like a playground bully restoring a stolen doll *with one hand while yanking a* pigtail with the other, the Government slapped a gagging writ on another BBC series: *My Country Right Or Wrong*. This *time it was a radio production*, prepared at the express instructions of the Corporation's new deputy director-general, John Birt, and dealing with the question of the accountability of security services in a democratic society.

In the broadest terms the relationship between broadcasters and government did not improve during the year. Not only were there repeated attempts by politicians to suppress specific programmes and influence the coverage of political matters, but the Conservatives also stepped up their campaign to draw in the *boundaries of the state in mat*ters such as taste. Broadcasters from all parts of the industry were called to Downing Street for talks on such matters, and by the end of the year there were ominous prospects of several new pieces of legislation and a new quango, all designed to restrict the viewer's choice.

This seemed particularly mean in a year when the broadcasters did more than ever before to serve the interests of politicians during a general election. By June 11 most viewers must have been bored to tears by a campaign which, at least on the small screen, was uninventive and downright dull. Neil Kinnock and the Labour Party "won" the television contest by general consent, using a slick PR approach with red roses, *Glenys Kinnock and soaring* seagulls, and then resoundingly lost the election itself. This reinforced the long-held belief of this column that television shows the electorate more of the truth about politicians than has ever been available before. The fear which began in the USA in the 1960s that advertising men and PROs would package and sell to the admass politicians who would otherwise never be elected was yet again shown to be farfetched.

In documentaries the tendency has been much the same as in drama: where we used to see a mass of single items interspersed with occasional series we are now seeing a mass of series interspersed with occasional single items. There were some good singles: *As I Walked Out One Midsummer Morning* was a beautiful BBC programme about Laurie Lee; *The Mighty Leek* offered astonishing revelations about the passions of competitive *vegetable growers, this being* one of the many impressive individual programmes contained under the umbrella of BBC2's *40 Minutes*; and Channel 4's *Baka: People Of The Rain Forest* was a magnificent and unforgettable study of a South American tribe.

But once again any awards I had would mostly go to series. In 1987 there seemed to be a considerable expansion in a category which I have previously complained was receiving too little attention from television: the environment. Central Television's *Viewpoint 87* included several outstanding programmes, notably Adrian Cowell's *Banking On Disaster* about the effect of road-building in the Brazilian rain forest; and Charles Stewart's film about Ethiopia, *Living After The Famine. Together these won the pre*miere award in a new competition organised by the One World Broadcasting Trust, and rightly so.

Granada's long-running *Disappearing World* provided another short but extraordinarily impressive season, the studies of the Kayapo Indians and Basque shepherds being particularly memorable; and in *Only One Earth* BBC2 proved that it is not impossible to make serious investigatory programmes about environmental problems which are also optimistic.

The other important documentary topic of the year (and, I suspect, for some years, if not decades, to come) was Japan. In the spring John Pilger presented *Japan, Behind The Mask* on ITV and then in the autumn, as part of Channel 4's unusual and welcome season of programmes either from or about the country, Peter Spry-Leverton provided the excellent series simply called *Japan*.

There was little that could honestly be called new in the area of current affairs, although Channel 4 did re-invent round table discussions with an astonishing degree of success in *After Dark*. Three important factors contributed to the triumph of the series: the participants (whether discussing the Mafia, secrecy, or anything else) were chosen with great care and with an eye to a certain amount of mischief; the discussions started late and were *open-ended*, sometimes continuing until three in the morning; and the studio set with the participants grouped in a lighted oasis *around a table with drinks*, and the outlying areas in darkness, created an unusually powerful sense of intimacy for the viewer.

As so often in recent years the broadcasters themselves frequently made the news in 1987. In January the director-general of the BBC, Alasdair Milne, was given his marching orders in a manner that was particularly swift and brutal even by the standards of the BBC. Between the end of the fortnightly governors' meeting *and the beginning of lunch he* was offered Morton's Fork by the chairman and deputy chairman: "resign" with pension rights intact or fight and be fired.

Jeremy Isaacs, chief executive of Channel 4, who dearly wanted to crown a glittering broadcasting career by taking over as director-general of the BBC was not chosen as his replacement, much to the chagrin of many programme makers. Nor was Brian Wenham, the managing director of BBC Radio who had been tipped more often and for longer than any other man for the post. Nor was David Dimbleby, although his appointment would have received the approval of the chairman, Marmaduke Hussey. In the end the man chosen was not a programme maker but an accountant – Michael Checkland – who happened to be in the useful position of deputy director-general.

As his own deputy, and the man to be in charge of the new and massive BBC department covering all news and current affairs, Checkland chose John Birt, then programme controller of London Weekend Television. Birt's ideas did not entirely coincide with the various traditions of BBC journalism and before long the attitudes of his new regime were being referred to as "Stalinisation" and "Cambodia Year Zero". However, by year's end there had been precious few chances to judge from programme output what the effect of the new broom would be for the viewer.

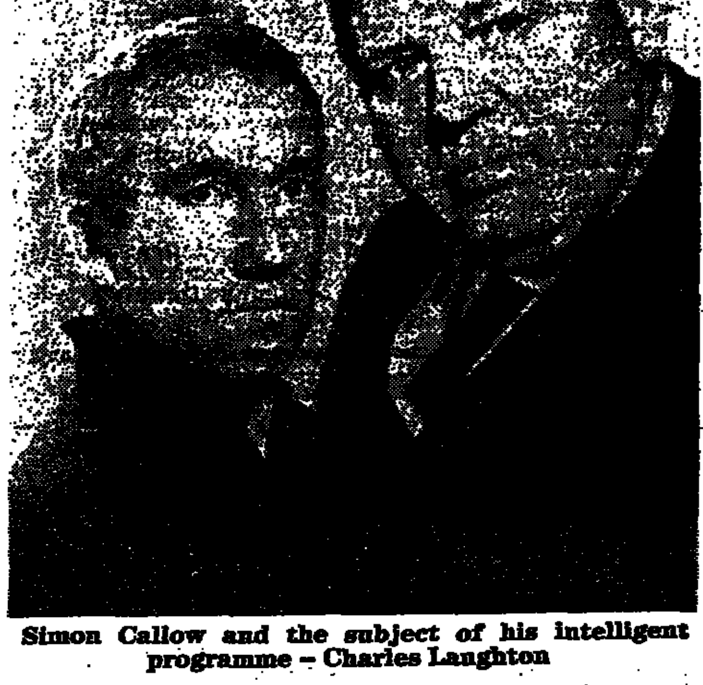
That was not the end of broadcasting's top-level musical chairs. In November *Michael Grade, who was him*self about to succeed Bill Cotton as managing director of BBC Television, first joined in the process of choosing new *Controllers for BBC1 and BBC2* – Jonathan Powell and Alan Yentob respectively, each with Grade's blessing – and then, to universal astonishment, left the BBC with no notice whatsoever to take over as chief executive of Channel 4 in succession to Isaacs who had been appointed general director of the Royal Opera House. Many within the industry clearly saw Grade solely as a ratings supremo, and reacted to his new apppointment as though a paedophile had been put in charge of a kindergarten. Some of Channel 4's most loyal supporters behaved as though a favourite child had been put under sentence of death.

In the arts there were many good programmes though standards were inconsistent. The established series all provided impressive offerings: an inventive biography of a comic artist, *The Confessions Of Robert Crumb* comes to mind from *Arena* and a survey of the arts in connection with *The London Underground* from *The South Bank Show*. *Callow's Laughton* was an intelligent and informative one-off from Channel 4.

Owing largely to the appalling events in Hungerford in the summer, when a man named Ryan ran amok with an automatic rifle, there was, perhaps, marginally less violence on television at the end of 1987 than at the beginning. Those of us who believe that man's violence springs from within his skull, and not from an electronic box of tricks (which is why the violence was around for millennia before television ever turned up *to reflect it*) see this reduction, sadly, as pretty well irrelevant.

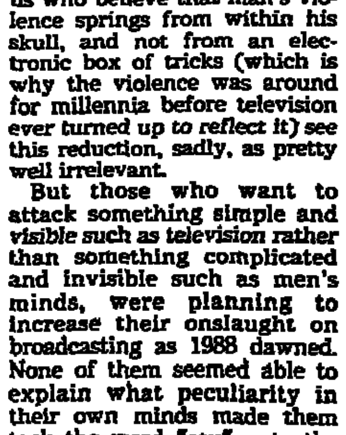
But those who want to attack something simple and *visible such as television rather* than something complicated and invisible such as men's minds, were planning to increase their onslaught on broadcasting as 1988 dawned. None of them seemed able to explain what peculiarity in their own minds made them tack the word "sex" onto the *front of violence, and few of* them had even begun to consider what to do about the double standards that would exist as soon as the satellite television services began in the late 1980s – one law for terrestrial broadcasting and another for celestial, it seemed.

Winners all (from left) Keith Floyd; Emma Thompson and Robbie Coltrane in "Tutti Frutti" and David Andrews in "Pulaski"



Simon Callow and the subject of his intelligent programme – Charles Laughton

"Truckers" – a world away from "The Brothers"



A youthful eye in the magnificent "Baka: People of the Rain Forest"

Arts Guide

December 26-31

Theatre

LONDON

The Rover (Mermaid). Jeremy Irons roisters into town in the RSC's Swan production by John Barton of Aphra Behn's rollicking comedy. It plays in repertoire with the Chernobyl play, **Sarcophagus**, an urgent but clumsily crafted hospital drama set in a terminal radiation clinic as the first victims of the disaster are wheeled in. (236 5568/638 8891).

A Man For All Seasons (Savoy). Charlton Heston begs no favourable comparison with Paul Scofield as Sir Thomas More in a leaden production of a play best left to amateurs and schoolchildren. (836 8888).

Antony and Cleopatra (Olivier). Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life. Judi Dench and Anthony Hopkins are battle-scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. (928 2252).

The Phantom of the Opera (Her Majesty's). Spectacular emotionally nourishing new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Dave Willetts has succeeded Michael Crawford as the Phantom. (839 2244, CC379 6131/240 7200).

The Balcony (Barbican). Sadly dated and heavy-handed opening to the RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities. Terry Hands directs, Farrah's set looks like a cheap pink *brothel and the actors, a dull lot,* clump around on high boots in big bulging costumes. (628 8795).

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

Melon (Haymarket). Alan Bates predictably good in new Simon Gray, clumsily directed by Christopher Morahan, about a jealous publisher viewed in flashback from a psychiatric ward *after* a breakdown. Menopausal mutterings; not vintage Gray. (930 9832).

Serious Money (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling *yuppies*: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

A Small Family Business (Olivier). Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale. (928 2252).

NEW YORK

Fences (46th Street). August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221-1211).

Cats (Winter Garden). Still a sellout, Trevor Nunn's production of T.S. Eliot's children' poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather *staid and over-blown idea of theatricality*. (239 6262).

42nd Street (Majestic). An immodest celebration of the heyday of Broadway in the 1930s incorporates gems from the original film, like Shuffle Off To Buffalo, with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert). The longest running musical ever in America has not only supported Joseph Papp's *Public Theater for eight* years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace). With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages barely to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth). The Tony's best play of 1986 won on the strength of its work-of-mouth popularity for the two oldsters on *Central* Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Les Miserables (Broadway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict *adherence to its original* source. (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hack*neyed pop music and trumped-up* silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. But it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947 0033).

The Mahabharata (BAM Majestic). Peter Brook's nine-hour interpretation of the world's longest poem inspired the refurbishment of an old Brooklyn vaudeville theatre to accommodate it for a three-month stay as part of the Brooklyn Academy of Music's New Wave Festival. Ends Jan 3 (947 5850).

WASHINGTON

Light up the Sky (Arena). The revival of the Moss Hart comedy features theatre people waiting for the opening-night notices of their latest masterpiece. (488 3300).

TOKYO

Macbeth (Imperial Theatre). Every so often, a Shakespeare production *is staged that makes one revise* one's view of the play. That such a rethinking should be occasioned by a production in japanese is nothing short of miraculous. Not only has Yukio Ninagawa transposed the play from medieval Scotland into the world of the Japanese samurai, but he has brought to it an oriental sensitivity and sense of pictorial values that transcends all language barriers. With its blood red sun and falling cherry blossoms, this is indeed one of the most achingly beautiful theatrical experiences of our time. Following its triumph at the National Theatre, London, this *revival in Tokyo is an unforgettable* experience. (Ends Dec 28). (201 7777).

Kabuki (Kabuki-za). At 4pm a "new" play incorporating elements from existing dramas and based on the story of the 47 loyal retainers adapted, directed by and starring Kabuki's greatest showman, Ennosuke, a specialist in spectacular stunts and quick-change routines. Excellent English earphone commentary. At 11am a *potpourri* of short items. For those with little time at their disposal tickets are avilable (on the day only) for a single act, but buy an English programme because the earphone commentary does not apply. Ends Dec 25 (541 3131).

Noh (National Noh Theatre, Sendagaya). "Takebun" (noh), "Wakana" (kyogen). Originating in sacred rituals, noh is a predominantly tragic drama of illusion played on an empty stage. Lighter relief is provided by the comic interlude (kyogen). The National Noh Theatre is a beautiful, relatively new building in a mixture of traditional and modern styles. *Useful booklets in* English on noh and kyogen can be purchased at the theatre's bookstall. (423 1331).

Daisan Butai in "Modern Horror" (*Honda Theatre, Shimo-Kitazawa*). This youthful theatre group has a large following among the rock video generation, which likes to be bombarded by sound and images. Its latest production is energetic but undisciplined *and in the style* of a musical revue. It aims at saying something about depersonalisation, but is interesting less as a coherent statement than as an indication of what interests and amuses young Japanese today – namely computers, robots, video, jazz dance, fashion and parodies of popular performers. Ends Dec 29. (367 0282).

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Wednesday December 30 1987

East Asia's four tigers

ONE OF the principal challenges facing the international economy is the absorption of countries that are making the transition from the status of developing to that of developed countries. The heavy weather that is being made of the passage of the east Asian newly industrialising countries (NICs) – Hong Kong, Korea, Singapore and Taiwan – is an indication of how poorly the international economy is functioning. Yet the problem should be trivial, the combined population of the four being half that of Japan and their GNP being about equal to that of Spain.

A major difficulty is the role the NICs, above all Taiwan and Korea, are playing in the global current account maladjustment. Taiwan's current account surplus will exceed $19bn this year, equivalent to some 20 per cent of gross national product. That of its near neighbour, South Korea, will be smaller at around $10bn, but still equivalent to 8 per cent of GNP.

In relative terms these figures dwarf both West Germany and Japan, whose surpluses amount only to about 4 per cent of GNP. It is hardly surprising that the two countries have become the focus of attention of policy-makers in Washington, who are urging them to revalue their exchange rates.

Close brush

Both countries need to do more to curb their payments surpluses, but in their own interest more than in that of anyone else. There is little reason to suppose that a reduction in the external surpluses of these countries would have much impact on the overall US trade deficit, because US importers would shift their purchases elsewhere. Nevertheless, it makes little sense for such relatively poor countries, which enjoy high returns on domestic investment, to supply cheap capital on a large scale to a rich profligate like the US.

The two cases are somewhat different, with Taiwan needing to adjust the most. Korea had a close brush with the debt crisis only a few years ago and still has a relatively high foreign debt approaching $40bn. It has no tradition of current account surplus, having notched up its first significant surplus as recently as 1986. Taiwan has no foreign debt and reserves of almost $75bn. It has run a steadily increasing payments surplus since 1981.

How is adjustment to be brought about? After all, Taiwan's exports have risen steadily despite an exchange rate rise to about NT$29 per unit of US currency from NT$40 at the time of the Plaza agreement in September 1985. The large wage increases awarded by major Korean corporations following this summer's industrial unrest have not made any perceptible dent in that country's export performance.

Public spending

In economies with flexible labour markets and high underlying rates of growth of productivity it is possible to adjust quite rapidly to currency appreciation. The emphasis needs to be elsewhere. First, there needs to be rapid import liberalisation. Controls on capital flows should also be removed, enabling the countries to accumulate more profitable external assets than short term dollar securities, on which the Taiwanese, for example, have made large losses.

Import liberalisation is equivalent to a nominal exchange rate appreciation for the protected part of traded goods production. More would be required for reduction of the external surplus, however, above all a combination of increased investment and lower savings, along with some exchange rate appreciation.

Both countries should increase public spending on infrastructure and welfare. They can afford to devote resources to improving the quality of life of their citizens. Such a prescription implies major social as well as economic change, which cannot be achieved overnight. Fear of social change is not, however, an excuse for evading the issue. Both countries must make a determined effort to adjust. If they do not, they risk provoking a protectionist backlash in the US.

But the process should not be one-sided. For their part the developed countries should start treating these countries as equals. In particular, Korea needs to be encouraged by the offer of future membership of the the developed country club, the OECD, in return for further moves towards economic liberalisation and political democracy.

The UN steps up pressure on Iran

IN THE hope that coercion may succeed where persuasion has failed, the United Nations Security Council is finally moving towards the enactment of sanctions against Iran. Even the Soviet Union now seems to accept that Resolution 598, ordering an immediate ceasefire in the Gulf war, should be given the teeth which it implicitly contained when it was passed on July 20.

Last Thursday, the council – this month under Soviet chairmanship – said it was determined to consider further steps to ensure compliance with the ceasefire resolution. To Western eyes, the way would thus appear to be clear for work to proceed on drafting a second resolution detailing enforcement measures – principally a mandatory ban on weapons sales to Iran as the recalcitrant party.

Both the Soviet Union and China now seem prepared to go along under the right conditions. Moscow has, however, coupled its acquiescence with continued pressure for the establishment of some form of United Nations naval operation in the Gulf.

Major offensives

Iran, for all its early show of flexibility over 598, has given no sign of abandoning its central war aim, which is the "punishment" of Iraqi President Saddam Hussein. As the leaders of the Gulf Co-operation Council states implied at their summit meeting which ended yesterday, the Security Council urgently needs to demonstrate that it is prepared to deal with the challenge to its authority posed by Iran's continued prosecution of the war, whilst at the same time allowing the Tehran leadership the possibility of a face-saving way out.

Nobody believes that an arms ban alone would end the war or completely cut Iran's supply lines. But over time it would make weapons procurement more difficult for Tehran and thus affect its ability to mount major offensives.

As for the Soviet demand for a UN naval force, it would in principle be good to give the current operations by Western and Soviet fleets in the Gulf some form of international "cover". The result could be to reduce the danger of superpower rivalry in the region, to provide some additional reassurance to the Arab Gulf states, and to present an unambiguously united front against Iran. But although the US and Britain have been careful not to dismiss the Soviet idea out of hand, they have a right to ask what precisely Moscow has in mind.

Truly credible

There are several possibilities, none of which is problem-free. One is to replace the individual national fleets now protecting their own merchant shipping in the Gulf with a force under the UN flag. Yet protecting all shipping in the region, which this would presumably entail, is a task of an altogether different order of magnitude from the current ad hoc arrangements. Would a UN force be expected to shield Iranian ships against Iraqi attack? What would its rules of engagement be in the likely event that the Iranians chose not to respect the UN flag?

On a more limited scale, UN flagships could be used to police an arms embargo. This seems more feasible, though if a blockade of Iran's weapons supplies is to be truly credible, it would have to operate on land as well as at sea.

If the price for Soviet support of an arms embargo is discussion of these ideas, so be it. The end result may only be a contingency plan to set up a peace-keeping force if and when there are prospects of a negotiated ceasefire. In the meantime, the priority among members of the Security Council should be to keep up the pressure on Tehran to accept Resolution 598.

Alan Cane foreshadows changes pending in the computer world which are likely to have a profound effect on household names

A program of shake-up and shake-out

THE COMPUTER industry is at the beginning of a profound and extended period of change which will leave few reputations unscathed among existing participants and see a clutch of nascent companies set to take over as industry leaders.

Only IBM, with its lion's share of the world computer business, its $50bn-plus turnover and its marketing power, seems a certain survivor of the blood-bath to come.

If the experts are right, the commonly held view that data processing in future will comprise three tiers – the mainframe in the data centre, the minicomputer in the department and the personal computer on the desk – will have to go.

Instead, there will be only two tiers: the mainframe in the data centre carrying out the huge tasks to which it is best suited, such as driving airline reservation systems or holding company files, and a new kind of computer, the multi-microprocessor system, in the department running everything from spreadsheets to word processing and electronic mail.

The traditional minicomputer will cease to exist and with it minicomputer companies that cannot change their designs quickly enough to beat off new and more agile competitors.

Signs that the computer industry as we know it faces irrevocable change have been apparent for some time: "A powerful convergence of forces – technological, economic, societal – is recasting the industry from top to bottom," Mr Stephen McClellan, chief computer analyst for Salomon Brothers in New York, wrote three years ago*.

But few took the threats seriously. This year, Georges Anderla and Anthony Dunning noted: "Having survived in the past through thick and thin, some by the skin of their teeth, managements of hundreds of large and medium-sized firms quite naturally tended to under-rate, or dismiss altogether, the more recent prophesies about the computer industry's shake-out as inevitable.

"Now, however, all are in for a shock – for reasons that many of them do not even suspect yet**."

Look, for example, at Digital Equipment Corporation (DEC). With worldwide revenues in excess of $9bn (£4.2bn), powerful demand for its products and a growth rate (24 per cent a year) that is substantially better than that of IBM, the world seems to be its oyster.

Yet it leads an industry sector – the minicomputers manufacturers – that is most at risk from the trends now threatening to shake the computer business.

Clues to the nature of the coming upheaval lie to some extent in DEC's own stunning performance over the past two decades.

In the 1960s, the brilliant engineers who founded the company came from outside the traditional mainframe computers industry – IBM, Burroughs and Sperry (now merged as Unisys) and the like – to exploit novel circuit designs ("architectures") and the new integrated semiconductor technology to create machines, smaller and cheaper than the multimillion dollar mainframes but which could undertake significant data processing tasks.

These minicomputers did not replace mainframes, but they provided all the data processing power a small company required and were suited to specialised data processing jobs in big companies.

The mainframe manufacturers were desperately slow to respond, not seeming to realise their world had changed forever.

Apart from a brief hiccup in the early 1980s, Digital Equipment has never looked back. It blazed a trail followed, with varying degrees of success, by a succession of US minicomputer manufacturers like Prime and Hewlett Packard, which catered for the engineering market place, Wang, the aristocrat of office systems and Nixdorf and Norsk Data in Europe, which found success in close collaboration with their customers.

Now the computing world seems poised for another irrevocable change driven by the latest semiconductor technology exploited by companies which are not part of the computing establishment.

Look, for example, at Definicon, a virtually unknown two-year-old US company based in Newbury Park, California. Its Welsh-born chief executive officer, Vincent Williams, passes over one of the circuit boards complete with microchips it manufactures for installation in personal computers – Amstrads to IBMs, it doesn't matter – with a shrug: "We can drive that board at 25 megahertz (25m cycles a second)," he says laconically. "At that speed, it runs as fast as a DEC superminicomputer".

Another of Mr Williams's boards sports seven transputers, the remarkable computers-on-chip invented and manufactured by Inmos of the UK. "That board," Mr Williams says, "will give one third the performance of a Cray supercomputer." Cray computers are still a byword for the ultimate in computing power.

But staggering as the performance of Definicon chips is, it is the cost that is the real pointer to the future. Mr Williams's boards cost around £3,000 each. A DEC supermini could cost over £500,000; a Cray supercomputer about £15m.

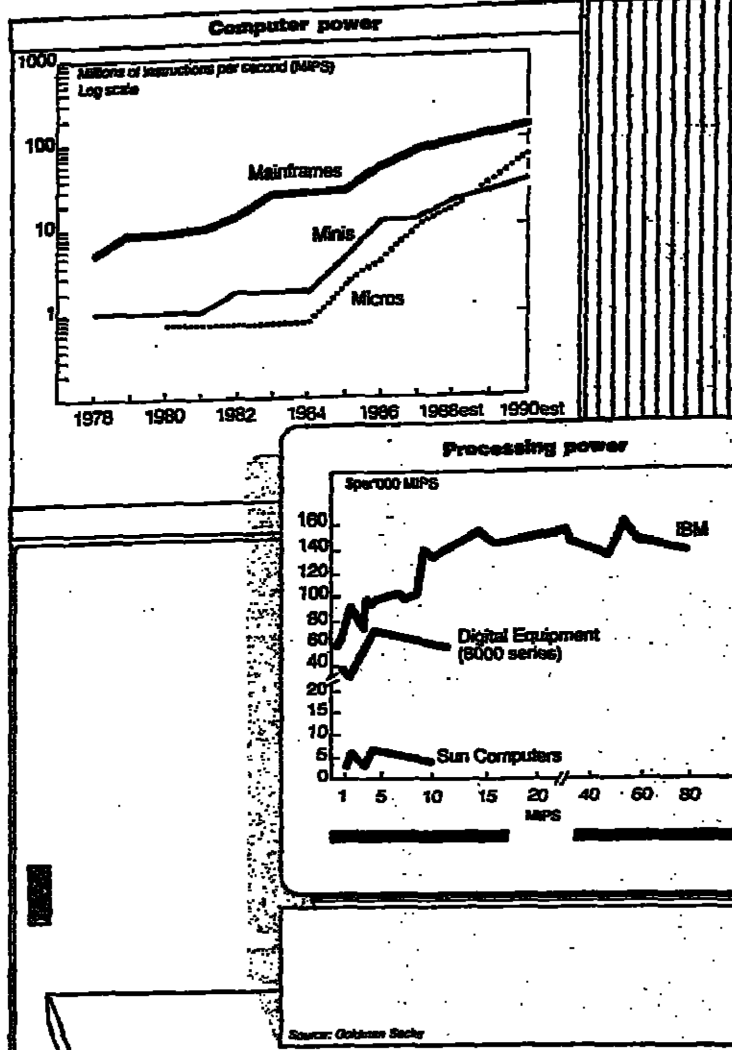
Another pointer to the future is MIPS, a semiconductor company based in Sunnyvale, California. Its aim is to build the fastest processing chips in existence. Its current models process information 32 bits at a time like a full-scale mainframe and at a rate of 10m instructions a second. Less than a decade ago, the fastest IBM commercial mainframe could not approach this speed.

To push the speed up towards the limit, the MIPS chips are simple in design and much of the cleverness is built into the software that controls them.

This "reduced instruction set (RISC)" design is thought by the technological experts to be an important feature for the future. Hewlett Packard, for example, a minicomputer manufacturer which has never been as successful selling computers in the commercial sector as in the scientific, has based its entire future product line on RISC chips.

These comparisons with established computers are not quite fair. A Definicon board, for example, will carry out only one task at a time while a supermini can serve many users simultaneously. But the difference in the ratio of cost to performance for the two kinds of system is still staggering.

The supermini utilises conventional minicomputer architecture; Definicon or MIPS machines are multi-microprocessor comprising many low-cost, super-powerful microprocessor chips running in parallel.



The company which perhaps best represents these trends at the moment, according to seasoned industry observers, and which points the way for the industry leaders of the 1990s, is Sun Microsystems of Mountain View, California. It builds high performance engineering "workstations," desk-top computers which engineers use for design and project management. There seems no reason why such machines could not replace the minicomputers now used for departmental data processing or be the first choice for new and small companies taking their first step in data processing – and at vastly lower cost.

Indeed, last month Sun forged an important strategic alliance with Xerox, a company which has an advanced understanding of what customers want from their computing, yet has never made the most of its advantages.

Under the terms of the arrangement, Xerox will have access to Sun's chip technology while Sun will have access to Xerox's powerful "Viewpoint" software.

Sun workstations get their power from a proprietary, 32-bit RISC chip and use industry standard software (they use Unix, operating software which many believe will soon be the world standard for small and medium-sized machines). With an order rate running at about $1bn a year, Sun has proved itself the leader in bringing microprocessor-based products to market.

Just as the minicomputer made it possible to carry out data-processing tasks on a machine that cost $150,000 rather than $1.5m, so machines based on these 32-bit wonder chips from companies like Motorola, Advanced Micro Devices, MIPS, Inmos and Intel will carry this "downsizing" a step further.

But there will be a difference. The original minicomputer vendors took market share from the mainframe manufacturers, but they did not seriously damage the mainframe business

This time, the economic arguments for turning to multimicroprocessor systems will be so powerful that first, the traditional minicomputer business, then the lower end of the mainframe business will be threatened.

Computer power can be measured roughly in millions of instructions processed a second (mips). A large IBM mainframe might run at more than 80 mips and cost $140,000 per mips. A minicomputer at the top of DEC's range offers 20 or more mips at $60,000 a mips. A microprocessor-based workstation like the Sun costs only $5,000 per mips.

What is more, microprocessor architectures are advancing very much more rapidly than minicomputer designs. Mr John Levinson, chief computer analyst with Goldman Sachs in New York estimates that the fastest microprocessors will equal minicomputers in power in 1988 and thereafter beat them hands down.

It is important not to confuse microprocessor-based designs with personal computers. The personal computer industry developed alongside the traditional computer industry and was complementary to it. Personal computers have become commodity items, sold in high street stores like hi-fi equipment and television sets.

Multi-microprocessor architectures, however, open up the possibility of a new class of inexpensive, superpowerful data processing engines.

They will be ideal for the mid-range market, where some 4m to 5m firms worldwide are ready to take their first plunge into computing.

It is in just this area that Digital Equipment has proved so successful in the past few years, forcing IBM to counter with a new family of midrange machines.

So the mini-makers will have to look to their laurels. Some, like Hewlett Packard and Wang, have already taken the plunge, but there are fears that industry leaders like IBM and DEC are so wedded to their existing technology that they will find it difficult to make the change quickly or easily. NCR, on the other hand, a former mainframe star, has already converted to multiple microprocessor architectures.

The ferment in the industry could offer new hope to European companies. Information Technology (ITL) and Apricot Computer of the UK have moved to microprocessor-based architectures and International Computers, according to managing director Peter Bonfield, intends to follow suit. Apricot has made its move through a marketing agreement involving Sequent Computers of the US, a leader in microprocessor based systems.

But the joker, as always, with its excellence in semiconductor technology, is Japan. Stephen McClellan prophesies that "Japan Inc" will join the computer industry top ten by 1990. The microprocessor-based revolution may make that advance that much easier.

* *The Coming Computer Industry Shake-Out. Stephen T. McClellan, Wiley, 1984, $19.95*

** *Computer Strategies, 1990-9, Georges Anderla and Anthony Dunning, Wiley, 1987, £24.95.*

Men and Matters

A book at crisis time

After several rotten days for world markets traders might be well advised to pick up a good book and relax.

For those who can't remember when they last bought a book I can be of some assistance. Why not try a selection from the Top Ten City of London book list compiled by booksellers Sherratt and Hughes, a W.H. Smith subsidiary? It seems to have been tailor-made for the moment, as well as being a guide to the perils of 1988.

Top of the list is How to Read the Financial Pages.

To follow are, – Inside Japan, The Underwriter's Bedside Book, Going For It!, Your New Pensions Choice, Sticky Fingers, The Learning Organisation, Management Buyouts, Quality is Free, and,– a bitter–sweet choice for those who have already lost jobs in the financial sector – Real Bosses Don't Say "Thank You".

£10m job

Talking of books, there is an interesting job going for someone who combines literary tastes with an aptitude for fund-raising.

The Bodleian Library, Oxford, is looking for a fund raiser to help it amass £10m for much–needed work to be carried out.

Jonathan Taylor, chief executive of Booker, and co-ordinator of the Bodleian fund raising committee, says the key qualities needed for the job will be expertise in fund raising, an ability to get on with academics, an understanding and close acquaintanceship with the City of London and business on both sides of the Atlantic, and organisational skills.

The Bodleian, which sees itself as both the library of Oxford university, and as part of the national heritage, celebrates in 1988 the 500th anniversary of the founding of Duke Humfrey's library, the oldest part.

Scholarly talk

Meanwhile Oxford University is about to make some money by marketing a specialist product – its accent.

Those of us who are fed up with hearing American accents coming from the computerised voice synthesisers that feature in many kinds of electronic equipment can look forward to some relief. A Swedish company is about to sell a synthesiser that utters "standard" English with the Oxford touch.

Stockholm-based Infovox has for four years sold a highly versatile product that can speak in several different languages. The synthesiser fits on to a computer or some other electronic gadget and, depending on how it has been programmed, speaks in French, Italian, Swedish, German, Norwegian, Spanish – and American English.

The company has now joined forces with a team of phonetic experts from Oxford to add to the device's repertoire an ability to talk in the accent Oxford graduates take away with them.

Infovox tells me that customers have asked for this facility for some time. Most of the voice synthesisers on the market are made by US companies. At best they talk in a mid-Atlantic drawl.

The Swedish synthesiser costs about £1,400 and will mainly be sold for specialised uses such as fitting to equipment for the blind and speech-handicapped people, or in telephone answering machines.

Judges' lines

The South African and the English judicial benches are not exactly hotbeds of liberal views – which makes its all the more pleasant to find South African-born English High Court judges giving some of their colleagues lessons in independence of mind.

Mr Justice Scott and Mr Justice Hoffmann are not only among the brightest rising stars in the judicial firmament, recently they have also shown themselves prepared to take a firm, anti-Establishment line in their rulings.

Both have endeared themselves to the Press – not, as is usually the case with judges, because of purple prose judgments making good copy – but because they have spoken out strongly for the rights of newspapers and journalists.

Scott's judgment in the Spycatcher case was not only highly critical of the Government's attempts to stop newspapers writing about the book, but also asserted that the factors in favour of press freedom were "overwhelming" and that "the ability of the press freely to report allegations of scandals in government is one of the bulwarks of our democratic society."

Hoffmann was also the one judge who refused to order Jeremy Warner, business correspondent of The Independent, to disclose his sources to inspectors investigating insider dealing. The public interest in the protection of sources outweighed the value of disclosure for the purposes of the investigation, Hoffmann decided.

Another characteristic of both men – which they share with Mr Justice Steyn, the third South African currently sitting in the High Court – is a lack of stuffiness that is not a strong trait among the judiciary.

On screen

As the Broadcasting Complaints Commission considers a protest from Jersey about a Channel 4 Diverse Reports programme last July on the Channel Islands, there has been more unwelcome television news for Britain's offshore communities.

Granada Television's World in Action team is preparing two half-hour programmes on the Channel Islands and the Isle of Man, designed to show how much these tax havens are costing the UK Exchequer,and how their banking facilities are being used to launder the proceeds of drug trafficking and other crimes.

The Broadcasting Complaints Commission has already upheld one complaint from Guernsey over unfair treatment in a BBC Out of Court programme on the island's judicial system and housing laws. The Diverse Reports complaint came from Jersey's Senator Ralph Vibert, who claimed that his contribution to the programme was unfairly edited.

Two Jersey spokesmen approached to answer World in Action's charges, Senator Reg Jeune,, president of the States Finance and Economics Committee, and Barry McCance, president of the Jersey Bankers' Association, have both declined to take part.

They concluded from the proposed line-up of speakers, which includes a long-standing critic of the Channel Islands, Labour MP George Foulkes, that the programme would be unbalanced.

Ray Fitzwalter, executive producer of World in Action, is apparently incensed because details of the forthcoming programme were leaked to the Jersey Evening Post, which has run a front-page story headlined "Trial by Television."

As a result a third local spokesman who was to have appeared has withdrawn, and it now looks as if there may be no one to put Jersey's case.

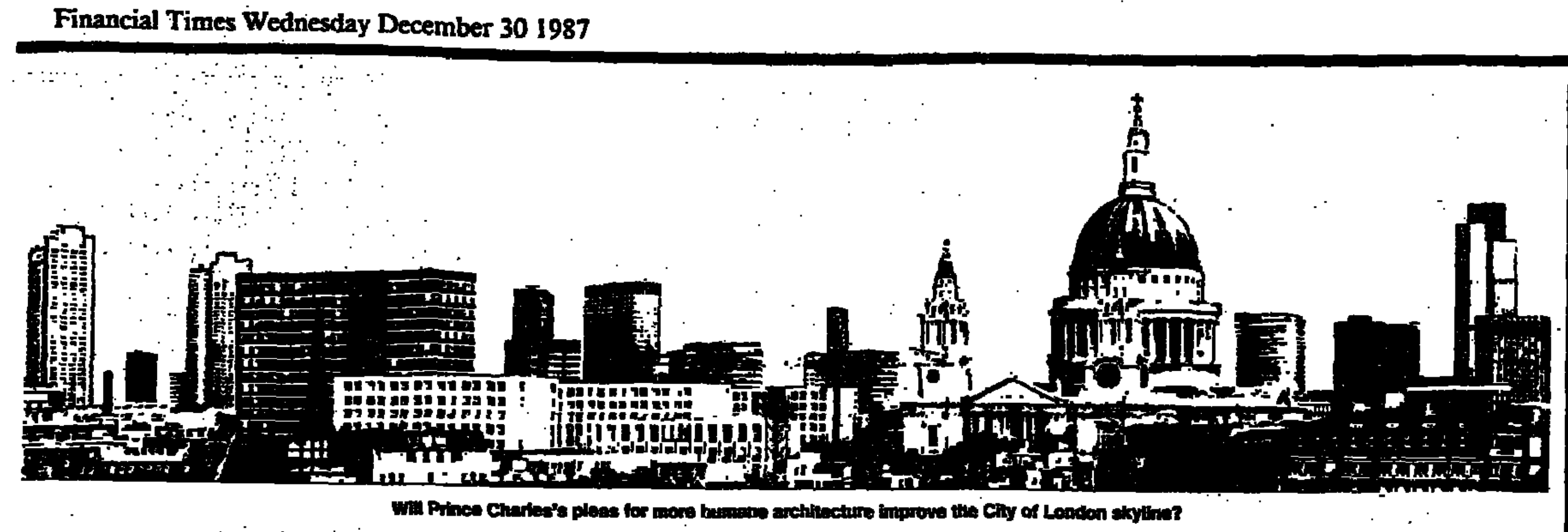
Accountable

A London council has allocated a friend a free car parking space near her flat because there happens to be a bus stop immediately outside her front door.

A rent book for the space duly arrived stating that the nil sum required should be paid monthly, and the book presented for stamping at the time of payment.

She has now persuaded officials to agree that the nil sum can be paid and entered into the book annually.

Observer



Will Prince Charles's pleas for more humane architecture improve the City of London skyline?

The Prince of Wales has had harsh words for architects and developers. **Colin Amery** respectfully offers him, as a New Year gift, a speech in a more encouraging tone

What the Prince might say next

Ladies and Gentlemen,

As we begin a new year, one that brings us closer to the Millenium, I would like to look back at some of the recent achievements of the architectural and planning professions in the United Kingdom. But before I do, I would like to offer some general reflections on the state of the art of architecture, perhaps in rather less polemical terms than usual.

I am often being accused of living in the past. It is said that I do not like anything other than classical architecture. This just shows how few people actually read my speeches in full, or even bother to listen to them to the bitter end.

It must be said that I share the view that not to like anything of your own time is a form of philistinism. However, I also believe that great architecture is an art and that art does reflect a particular vision of the world.

During the years since the Second World War, architects in Britain have had enormous tasks. First of all they had to find ways of rehousing and caring for a rapidly growing population. Architects were also expected to find ways of expressing the aspirations of the welfare state. It is rare, if not unknown, for art or architecture to reflect the aspirations of the majority. In the past a ruling elite has decreed the style. We do not have much idea of the ordinary homes of the past – indeed historians usually dismiss them as merely vernacular.

Let us take a look at modern architecture. What the professionals have come to call the Modern Movement had a clear social purpose. It deliberately avoided any reference to the past and tried to reflect both the wonderful advances in building technology and the simplicity of abstraction as the rightful setting for modern life.

Of course, we can see today that there were great limitations to modernism. The Cubist aesthetic was severely restricted. The technological aesthetic was equally likely to cause spiritual malnutrition. Mankind needs something more than geometric abstraction for his built surroundings. Our current disappointment with architects has arisen because we feel that they have failed to provide us with any kind of aesthetic or cultural nourishment. When this failure is combined with technical incompetence on a large scale, and an unwillingness to accept that there are worrying social consequences of many architectural decisions, it is hardly surprising that architects come in for so much criticism.

However, I am worried that this country has failed to utilise the undoubted architectural talents that do exist. There has been a real failure of patronage for far too long. Is it the chronic indifference of the British to all the visual arts that is to blame? Is it a failure of our educational system? Or is the inability of the critics to praise the good and acknowledge success partly to blame?

One other factor that is always being blamed is the role of the planning laws. Far be it from me to become involved in politics, but I cannot help feeling that it must be wrong for the vested interests of the local estate agent or the local shop keeper to be allowed to have almost free rein when it comes to the granting of local planning consents. And what about the pernicious practice of councils giving themselves planning consent? And then there are those strange trade-offs whereby developers can get planning consent for almost anything in exchange for "a Section 52" agreement. It has always sounded to me a bit too close to bribery for comfort.

I have to keep my nose out of political matters, but even I can see that politics and planning have a great deal to do with the appearance of the world as we see it today. But I am sure that I am not alone in wanting an end to the ambiguities and anachronisms of our planning system. We can see the results of 40 years of planning constraints all around us. I know that I am not alone in not liking much of what I see.

But the answer does not lie in unbridled licence for architects. We need an awareness of the obvious fact that, as in any other profession, there are good and bad practitioners.

There are some very good ones in Britain today and some rising younger talents who deserve a real chance. I have been impressed on my travels with the standard of much of the new housing that is replacing the unwanted high-rise blocks. There is Jeremy Dixon's housing in London's Docklands; the proposed work of Allies and Morrison in Spitalfields; Ken MacRae's work in Glasgow and all the housing work of last year's Royal Gold Medal winner, Ralph Erskine.

In the high-tech field we have two of the great masters in this country, Norman Foster and Michael Hopkins. The fact that Norman Foster's Hong Kong and Shanghai Bank – one of the best buildings of the 20th century – is so far from our own shores speaks for itself. Michael Hopkins showed at Lords how the old and the newest technology can be beautifully united and I am looking forward to seeing what his appointment to the Victoria and Albert Museum will produce.

Talking of museums, Barry Gasson has designed in the Burrell Museum in Glasgow one of the finest in Europe and certainly one that is incredibly popular with the public. James Stirling, one of our most interesting architects, has achieved a triumph at Stuttgart where, I am told, more people go to see the new building than the collection.

The current political climate does not call for great new public buildings, although I would urge the highest possible standards of design for the large numbers of new law courts and even prisons. It is in the private sector that the great opportunities lie. Here is the opening for patronage. The renewal of our inner cities must involve the demolition of much of the dross of the 1960s, giving unparalleled opportunities for fine new humane buildings.

When I say look to the past, it is an exhortation to recall the originality and quality of the work of architects like Wren, Hawksmoor, Street, Barry, Lutyens and the glories of the Arts and Crafts Movement. I am in no doubt that British architects can do it again, particularly in times which offer less dogmatic social programmes and a potential for renewal that is unrivalled.

To take the maximum possible advantage of the current situation, I hope that the Royal Institute of British Architects will ensure that training is available for architects, artists and town planners in a way that maximises the common ground between the professions. It is time to utilise all talents in the cause of beauty as well as profit. We have to nurture individual talent – no commission or committee ever produced a good piece of architecture. We do have the talent to match the splendours of our past; I see that my role is to encourage the patrons as well as the architects and that is just what I intend to continue to do.

May the next 20 years be better that he last 20, and the Millenium mark a return to architectural quality throughout the kingdom.

UK universities

The good tidings that tend to be missed

By Stewart R. Sutherland

LAST YEAR the UK shared in a bonus of £265m to its invisible exports. This figure represents the contribution made by universities to the economy through the recruitment and training of overseas students.

According to figures just published by the University Grants Committee, nearly 42,000 overseas students registered in universities in 1986-87. Of these, about 36,000 were from countries outside the European Community.

Extrapolating from the experience of my own college, King's College London, this indicates that, nationally, overseas earnings via student fees amount to £140m per annum and to this should be added at least a further £125m as a conservative estimate of the money spent by these students in the UK to cover accommodation, food, books, travel and entertainment. Another important point is that all of the £265m is spent locally, in and around the UK's universities, creating jobs and making a contribution to many service industries.

These are direct earnings giving immediate benefits to many British households. At least as important is the immense goodwill which is fostered among the future opinion formers and business leaders of, in the typical case of King's College London, 90 nations.

This is not simply a benefit which Britain happens to reap. The positive view of British science, engineering, medicine and culture gained by overseas students is the alternative which they have chosen to an equivalent American, Russian or German experience. The implications for British business and British influence worldwide are considerable.

All of this, the direct and the indirect earnings, is a contribution to the British economy which is made "immediately" or as a spin-off from the proper business of universities which is teaching, research and scholarship. These latter are the areas in which universities make their main contribution to national well-being.

What is it that attracts foreign students in such numbers to UK universities? The evidence of King's College staff recruiting in Hong Kong, Malaysia, North America and elsewhere is quite clear. The attractiveness of British universities, as opposed to their many rivals, is that they are believed to be good at their job. A student in Britain is trained to a high level of competence in three years (a comparatively short period by international standards). British research, at least for the moment, is well regarded and provides an excellent training base.

The evidence of the most clearly defined and financially committed customers is that the universities are good at their job

Equally UK universities embody and practise a spirit of inquiry which is not inhibited by ideology, government-based or otherwise. This is not fortuitously related to their attractiveness to students from overseas, nor is it incidental to the type of learning and exploration for which universities are the natural home. Whether inquiring into the nature of the mind, or the immune responses of the body, or developing the applications of X-ray microscopy (all part of the intellectual fabric of my own college), they are engaged in the pursuit of truth. There is no doubt that a significant part of our attraction to overseas students is that UK universities are perceived to be attached to such traditional academic objectives and values, for these are the preconditions of intellectual vigour.

Such are the views of our most obvious customers in our most immediate albeit global marketplace. Many a customer invests the equivalent of a small fortune to study and train in British universities. For example the university element of medical training will cost an overseas student or his family at least £75,000 in fees and living costs.

There are many messages emanating from this marketplace. Some are to British universities. Some are to British business and industry. Some are to the country's political masters.

The financial evidence is that the universities are absorbing these messages, although they still have much to learn. In the case of British industry, there is an immediate joint task with the universities to capitalise on the attractiveness of the country's universities to the future cultural, political and industrial leaders of scores of nations.

The message to political leaders is that this is the reality rather than the myth about the effectiveness of much of the British university system. The evidence of the most clearly defined and financially committed customers is that the universities are good at their job.

This is not the message of some of the clauses of the Education Bill, which received its second reading recently. Most particularly it is not the message of those clauses which dramatically increase the powers of the Secretary of State for Education and Science *vis-a-vis* the universities.

The comfort which may be drawn from the recent conciliatory remarks of the present Secretary of State for Education, to the Committee of Vice-Chancellors and principals, is offset by the reflection that there will be other Secretaries of State and other political regimes.

Most significantly the practical realities of the situation mean that many of these powers will *de facto* be exercised by non-elected officials, who not surprisingly stand at some distance from the most competitive international market.

The author is principal of King's College London.

Letters to the Editor

High interest rate baffles

From Mr Anthony Jacobs.

Sir, Am I the last remaining industrialist who fails to comprehend Britain's interest rate policy? Base rate equivalents in Germany, Switzerland and Japan are 2.5 per cent; Holland 3.75 per cent; Belgium 7 per cent; US 6.5 per cent and Britain 8.5 per cent.

There are a number of important tests which can be applied to a country's interest rate policy, yet none of these seem to justify our exceptionally high rates of interest. Thus:

1. Is the real rate of return, net of inflation, adequate? Germany 2.5 per cent, UK 4 per cent.
2. Is the economy overheating? With over 2.5m still unemployed, there is room for a great deal more economic growth without risking inflation.
3. Is sterling too weak, causing us to be unnecessarily competitive in overseas markets? UK manufacturers such as British Aerospace will confirm that if anything our currency is too strong – and the difficulty the Bank of England is having to stop sterling breaching the 3 DM exchange rate suggests that our currency is too strong rather than too weak.

I therefore can see no obvious reason why interest rates cannot be drastically lowered. Interest rates were always high when we were the weakest economy in Europe. Now, when we are reputed to be the strongest economy, nothing has changed. Why?

Anthony Jacobs,
BSM Holdings,
9 Nottingham Terrace, NW1

Sacrifices made by British steelworkers

From Mr Denis Delay.

Sir, William Dawkins's interesting article on the EC steel industry, "Right to the door of the furnace" (December 7), contained a sentence which will strengthen a myth now in process of creation, as a result of similar recent press statements. Referring to earlier works closures in the EC, Mr Dawkins says: "The earlier round consisted mainly of long products ... scattered through small mills where the agony was shared more evenly."

The impression left is that the consequences of those closures (although "horrific ... for the communities involved") were relatively mild, compared with those which would follow should any continental strip mill be closed in order to eliminate the overcapcity said by the Commission to exist in that sector.

In fact, the "earlier round" of closures in the UK, which began in the mid 1970s and ended only in 1986 with the closure of Gartcosh Works, in Scotland, involved flat-product and long-product mills, and major ironmaking and steelmaking facilities as well. The effects of several of those closures were as great, or greater, than any which would follow from the closure of a continental strip-mill.

An integrated strip-mill typically employs some 4,000 workers, but when Cardiff's East Moors billet mill was closed, in 1978, more than 4,000 jobs vanished, overnight. The ending of iron and steelmaking, and hot rolling, at Shotton, in 1979, cost more than 7,000 jobs; by far the largest steel closure ever seen in the Community. At Corby, in March 1980, 5,642 jobs were similarly eliminated, at a stroke, by the closure of the local works' iron and steel making departments.

Scotland, hardest hit of all by the "earlier round", has seen its steel industry reduced to one partially integrated (but now highly profitable) strip mill, one plate-mill and one pipe-mill. The size of Scotland's labour force has slumped in a decade from 22,440 in 1977 to perhaps 5,600 today.

These facts are not of mere academic interest. This is a highly sensitive time in the EC steel industry. Policy makers need to be reminded of the immense sacrifices made over the past decade by British steelworkers and their communities, so far unmatched by other member states, for which a price is still being paid in terms of mass local unemployment.

Denis Delay,
Secretary, TUC Steel Committee, Congress House,
Great Russell Street, WC1

Accountability and the poll tax

From Dr Alistair Grimes.

Sir, Martin Wolf (Lombard, December 10) raises a number of sound points against the concept of accountability and the poll tax, but does not, in fact, go far enough.

Two other arguments combine to destroy what is left of the Government's feeble case. First we need to ask the question: "Accountable to whom?" The effect of the poll tax will be to give central government control over 85 per cent of local government expenditure, with the consequence that marginal changes in grant giving policies will have a much larger impact upon the eventual level of the tax than the spending policies of local authorities themselves. This can hardly be said to increase accountability to the local electorate.

Second, the Government's argument that rates encourage those who do not pay rates to vote in high spending local authorities because they are shielded from the financial consequences of their actions is bogus. Again, there are two reasons.

First, since rates only contribute the smaller part of local government finance, it ought to be clear that most non-ratepayers do contribute to local authority expenditure through their contribution (through income tax and indirect taxes) to central government's support grants. Second, there is not a shred of evidence to suggest that non-ratepayers turn out in higher-than-average numbers in order to vote in high spending authorities – which ought to be the case if the Government's analysis was correct.

The opposite is the case. An analysis of voting levels in Edinburgh for the 1984 district elections shows that in those areas where there were known concentrations of low income groups (and, therefore, non-ratepayers) the turnout was appreciably lower than average. In short, the evidence is that non-ratepayers do not vote for high spending policies; they do not vote at all.

The Government case rests upon heroic assumptions about the psychology of voting which are directly contradicted by the evidence that is to hand.

Alistair Grimes,
108 Newhaven Road,
Edinburgh

Attempts to escape debt servicing in a world market

From H J Ruff.

Sir, Readers who have been following the Latin American summit of debtor developing countries and its aftermath in the columns of the Financial Times may be getting rather confused.

They may be puzzled by the notion that some debtors believe they only need to pay interest on the market valuation of their debt, which is currently at a deep discount in the secondary traded market. However, there is no need for your readers to remain perplexed because the confusion lies not in their minds but in the minds of those in Latin America and elsewhere who use economic wizardry and words in an attempt to escape their debt servicing obligations and, more damaging still, to dent the mechanics of the market.

For example, listen to the rhetoric of Mr Enrique Eglesias, the Uruguayan Foreign Minister, who was recently quoted in your columns thus:

"The market says the Latin American debt is not worth £400bn but $200bn. You have two ways of responding to it; reduce the interest rate or reduce the stock (of debt). If we believe in the market then why don't we follow it?"

Readers will wonder what is so different about sovereign debt compared with other forms of traded debt. For example, bonds and gilts (or even equity for that matter) are sometimes traded at a deep discount as has recently been seen with the great crash and trends in related markets. If there was any substance in the notion that you only pay interest on the market value of debt, issuers of bonds and the government treasuries around the world would follow suit by servicing their obligations accordingly.

Moreover, imagine the day dawning when Latin American debt, among others, is traded at a premium in the secondary markets; after all, what goes down can supposedly go up. Would we then see interest paid on the augmented market value of the debt which, by token of their own argument, such debtors would be obliged to pay? The answer is, undoubtedly, an emphatic no.

The suggestion that debt is serviced according to its market valuation has no substance either in principle or in practice. Were it otherwise, it would be to the advantage of the commercial banks, as creditors, to engineer a rise in the value of debt traded in the secondary markets by arbitrarily bidding up the price and thereby obliging debtors to pay out more and more interest in line with the rising value of that debt. Debtors would no doubt condemn such market practice just as much as banks should dissuade debtors from unilateral action in tailoring the interest they pay to the market valuation of their debt.

I hope this clarifies the situation not only for your readers, but for the international banking community in particular. Banks, worldwide, hold the key to the access to funds that developing countries still and will require. If bankers succumb to the not-so-enchanting sounds of the sirens in Latin America and elsewhere who are trying to persuade banks to reduce the cost of admission to the capital markets, or even throw away the key and leave access wide open, banks may soon find that the "flight-to-quality" currently underway with many suppliers of funds to the market, will leave the banks themselves in the same predicament as those debtors – that is, without funds.

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FINANCIAL TIMES

Wednesday December 30 1987

Tim Coone in Buenos Aires reports on the promotion of a notorious Argentine naval officer

'Blond Angel' casts a shadow over Alfonsin

A "BLOND ANGEL" named Lieutenant Alfredo Astiz this year cast a shadow over the Argentine Christmas holiday which no amount of government window-dressing was able to hide.

The promotion last week of Lt Astiz, an Argentine navy officer, presented President Raul Alfonsin with one of his most awkward political decisions since he assumed office just four years ago.

The officer stands accused by international human rights organisations of the disappearance of a Swedish woman and two French nuns in 1977 during the "dirty war." The Argentine Navy promotions board, however, did not consider this a sufficiently strong reason to hold back the officer's career any longer and ruled unanimously last month that he should be promoted to lieutenant-commander.

Last week, after intense pressure from the navy, President Alfonsin announced the promotion of Lt Astiz. However, in an attempt to accommodate criticism from human rights activists, the President instructed Mr Horacio Jaunarena, the Defence Minister, that Lt Astiz "must not remain on active duty."

Lt Astiz has been dubbed the "Blond Angel" for his innocent, handsome looks, which doubtless eased his infiltration into a human rights organisation in Buenos Aires following the military coup of 1976.

The two French nuns, along with 13 other people who were active in the organisation (later known as the Mothers of the Plaza de Mayo), were subsequently kidnapped by security forces and disappeared.

Solicitor General Jaime Malamud Goti recommended on Monday that charges be dropped against four navy leaders accused of human rights abuses, while prosecution will continue against two other top officers, AP reports from Buenos Aires.

Prosecution would continue against the retired navy vice admirals, Antonio Vanek and Julio Torti, who allegedly headed secret naval operations at Esma, the clandestine Naval Mechanics School in Buenos Aires.

Citing an amnesty law enacted in June, Gen Goti recommended charges be dropped against Oscar Montes, Humberto Barbuzzi, Manuel Garcia Tallado and Jose A. Suppicich, all vice admirals.

Lt Astiz has also been identified by eyewitnesses as the military officer who shot and wounded in public Ms Dagmar Hagelin, who held dual Argentine-Swedish nationality, when trying to arrest her in early 1977. Ms Hagelin later disappeared and her body was never found.

He has been named as one of the key officers in a naval task force which operated out of the Naval Mechanics School (Esma) in Buenos Aires during the "dirty war," in which at least 9,000 people vanished in the years after the armed forces took power in 1976. An offical government report, published in 1986, featured Esma as one of the most notorious clandestine detention and torture centres operated by the armed forces during military rule.

In 1978, Lt Astiz was identified by a former Esma detainee when trying to infiltrate an Argentine exile group in Paris. He later served as a military attache in South Africa, then gained wider international notoriety in 1982 when he surrendered his land-based naval unit on the South Georgia Islands to the British task force without offering any resistance.

President Alfonsin's acute embarrassment stems from the fact that Lt Astiz is one of several hundred military officers who had all charges dropped against them following the approval of the "due obedience" law in Congress last June, in the wake of the Easter army rebellion. The law exculpates junior ranks from responsibility for torture or murder of prisoners during the "dirty war," on the basis that they were following the orders of their superiors.

A court ruling in December 1986 had already determined that charges in the Dagmar Hagelin case could not be pursued, due to the absence of a body and because the time limit on a kidnapping charge had already expired.

Astiz: dubbed "Blond Angel" for his innocent looks

If President Alfonsin had refused promotion to Lt Astiz he would logically have had to refuse promotion to all the officers who have been accused of human rights abuses, but absolved by the "due obedience" law.

After the promotions board decision, the Admiralty made veiled threats that its top officers would resign en masse should the promotion be blocked. There were also persistent rumours that naval officers had been preparing to stage a rebellion similar to the Army rebellion of last Easter, in solidarity with Lt Astiz.

The timing of President Alfonsin's decision is particularly significant. He has planned an offical state visit to Sweden in January, where the Dagmar Hagelin case is a human rights cause celebre. Last year Mr Alfonsin was awarded the European Human Rights Prize, the first time the prize has ever gone to an individual, and the decision to promote Lt Astiz will inevitably cause a considerable deterioration of his image abroad.

The issue has caused deep unease within the Radical party. The youth wing joined the Argentine Permanent Assembly of Human Rights (of which President Alfonsin is a founding member) and a number of prominent figures within the party, in calling on him to block the promotion.

It remains to be seen whether President Alfonsin's instructions will be carried out to the letter. Last week Lt Astiz was still at his post on a missile destroyer at the navy's biggest base, Puerto Belgrano, 700km south of the capital, and naval officials denied they had received any instructions from Mr Juanarena.

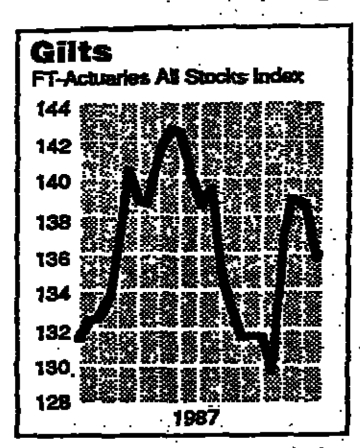
There are rumours, too, that the navy's promotions board might not meet to discuss the officer's future until the Argentine summer holiday season ends in March.

THE LEX COLUMN

All sound and no fury

The lonely gaggle of commuters travelling into the City of London yesterday morning found their worst fears justified as the market lost within minutes almost half of the ground that it had gained so stealthily over the past four weeks. But to liken yesterday's 60 point fall in the FT-SE 100 to some of the darkest trading days in October would be to overdo it. The damage was all done in the first hour of business when a mere 38m shares changed hands – around a third of normal turnover. All that really happened was that prices on the screen were cut in knee-jerk response to Monday's fall on Wall Street.

While the effect on UK equities perhaps looked worse than it actually was, on the foreign exchanges the converse was true. Central Banks have thrown nearly $1.5bn at the markets in the last two days, and all they have got in return is a grudging respite to the dollar's fall. While yesterday's intervention suceeded in holding the currency steady, the achievement was unremarkable given the paucity of trading, and the fact that a rally might have been typically expected after Monday's plunge. There seems to be plenty of unspent dollar-phobia around, which could well lead to further big declines before the year is out. While Wall Street and other equity markets may find it hard to insulate themselves from further upset, one of the few beneficiaries would appear to be the gilt market, which yesterday had one of its better days this festive season.



Japan

While the majority of the world's stock markets were closed for the holiday festivities, Japan was hard at work trying to engineer its traditional year-end stock market rally. The fact that it did not materialise and that Japan's big brokerage firms had to step in and buy for their own accounts in the final hours of trading on Monday to prevent the Nikkei average closing below the 21,000 level, helps explain why the rest of the world's stock markets are in such a nervous mood. If Tokyo was overvalued ahead of the October crash, its relative strength against Wall Street and London over the last couple of months makes it look even more highly priced now. The great fear is that another sharp downward move by Tokyo – far and away the largest of the world's stock markets – would shatter the stability which before Christmas had begun to return to the other major markets, and this in turn could trigger further big falls in equity prices around the world.

The recent sharp appreciation in the value of the yen is probably the key factor behind the 6 per cent fall in the Tokyo market over the last week. However, a strong yen has no impact on defensive domestic stocks, such as utilities. The combination of their weakness, the continuing low volume of trading in Tokyo and the absence of buying by major financial institutions, helps explain the nervousness of the braver foreign investors who had begun to return to the Tokyo stock market over the last few weeks. The old arguments underpinning Japanese equity prices, such as the superior strength of the economy and the ample liquidity, remain unchanged, and high margin levels may have contributed to some technical year-end weakness. Nevertheless, the anxiety level about the stability of the Tokyo market is on the increase again, and will not have been helped by the fact that it does not reopen until January 4.

Mexican debt

It may be stretching the point to describe Mexico's ingenious debt swap proposal as evidence of its voluntary return to the international capital markets, given the powerful behind-the-scenes official backing it has received. Nevertheless, the move is very good news for both Mexico and its bankers and should be taken as a reassuring signal by the world's financial markets that solutions to the problems of the heavily indebted Third World countries are being discovered. Whereas Citicorp's decision of last May to provide for $3bn of its Third World debt, together with Bank of Boston's recent move to write off close to 20 per cent of its Third World exposure, had tended to polarise the positions of the debtors and their bankers, the latest move is evidence that both sides can co-operate for the common good.

Mexico's offer to swap part of its public sector for newly issued 20-year bonds whose principal will be secured by US Treasury obligations, will provide an immediate reduction in the size of its outstanding external debt and a corresponding reduction in debt service costs, while it will also improve the liquidity of commercial bank loan portfolios. Whatever one thinks about the current creditworthiness of the US Government, there can be no denying that the lure of a US Government guarantee is likely to outweigh any concerns that commercial bankers might have about having to write down the value of their loan portfolio. From the preliminary evidence it seems that US bank regulators, at least, will bend over backwards to cushion the banks from the more painful side effects of accepting the Mexican offer.

Accounting methods

While the value of the dollar this week may be false in so far as it is backed by almost no business, to British finance directors still using year-end exchange rates to translate overseas earnings, it is only too real. After its latest slide, the dollar is 25 per cent lower than it was this time last year. Given that an estimated 18 per cent of pre-tax profits of UK companies come from subsidiaries in the US, exchange losses could reduce profits this year by almost 5 per cent.

Contemplation of this kind of harm to the bottom line is likely to result in a fresh wave of companies shifting from year end to average exchange rates – which in one sweep would reduce the damage by more than half. Those making the move could justify it easily: the worth of a single rate is questionable when currencies move by several percentage points in a single day. Yet nobody should be deluded as to the more pressing motivatation – the big move away from year end rates which started two years ago neatly coincided with the fall in the dollar and the rise in the value of the pound. Should the pound start to fall, fans of average exchange rates may be difficult to find. But those who decide to switch back may have a harder time justifying themselves.

Orders for airlines set to reach $39bn

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

THE WESTERN world's five big jet airliner builders have had their best ever year for orders. By Christmas, it is estimated that 738 aircraft, worth $39bn, had been added to their order books.

This compares with the revised total for 1986 of 690 jets ordered, worth about $35bn. Although the 1986 total was originally higher, subsequent readjustments by airlines to their commitments have cut it back.

The 1987 orders reflected the growth in world air traffic, which during the past year is estimated to have risen by between 5 and 7 per cent to more than one billion passengers on scheduled services alone. A steady growth of around 5 per cent a year is forecast for the immediate future.

At the same time, an increasing number of airlines have begun to replace ageing fleets, especially in the short-to-medium range sector.

The bulk of the 1987 orders are in this category, with heavy demand for the twin-engined A-320 150-seater European Airbus, the US Boeing 737 and the McDonnell Douglas MD-80 series, also from the US.

All the manufacturers agree that demand for new jets, both to meet traffic growth and to replace ageing aircraft, will continue into the foreseeable future.

Boeing estimates that between now and the end of the century, airlines will buy more than 5,000 new jets worth about $222bn, of which $150bn will be to meet traffic growth and $72bn to meet replacement requirements.

After allowing for the retirement of old jets, the total fleet by the year 2000, in Boeing's view, will amount to about 9,500 jets compared with about 7,200 today.

Boeing, in particular, had a good year in 1987, with 350 commercial jets ordered, worth more than $19bn. In value terms, this was a record though the number of aircraft ordered was below the 461 jets ordered in 1978.

The European Airbus consortium also did well with orders for 209 jets worth nearly $13bn. McDonnell Douglas notched up 148 orders worth around $6bn.

The past year has been marked by some large individual orders, notably the Iberia decision to buy up to 23 Airbuses (15 A-320s and eight A-340s); the Air France decision to buy 16 Boeing 747-400s with 12 more on option (worth a total of more than $3.5bn); and the British Airways deal for 11 Boeing 767s with options on another 15 worth a total of more than $2bn.

Several significant factors emerge. The first is the expansion of long-haul non-stop operations by many airlines, creating strong demand for aircraft capable of such flights – the latest Boeing 747-400 Jumbo, the new four-engined Airbus A-340 and the McDonnell Douglas three-engined MD-11.

Another significant development was the growth of interest in Boeing's twin-engined medium-to-long-range 767, resulting in a big jump in orders.

As a result, several airlines have introduced non-stop transatlantic flights between North America and Europe using 767s. Other airlines may place orders soon and Boeing is confident of a steady expansion in demand for the aircraft.

COMMERCIAL JET AIRLINER ORDERS 1987

		Orders (1986 in brackets)		Approx value in $bn*	Total orders to date●
Airbus Industrie	A-300	29	(7)	1.97	Total
	A-310	27	(17)	1.65	467
	A-320	73	(146	2.55	309
	A-340	68	(–)	5.78	68
	A-330	12	(–)	1.02	12
Boeing	737	183	(216)		1,925
	747	67	(83)		832
	757	43	(13)	Total	236
	767	57	(23)	19.36	268
British Aerospace	146	30	(18)	0.6	107
Fokker	F-100	1	(48)	–	87
McDonnell Douglas	DC-10	3	(5)	0.18	445
	MD-11	35	(12)	3.4	47
	MD-80	110	(102)	2.5	646
Totals		738	(690)#	39.01	5,449

* Excl. spares. ●Options, letters of intent or conditional commitments amount to several hundred additional aircraft. #Revised figures

Gulf states tone down appeal on peace plan

By Fiona Barne in Riyadh and Richard Johns in London

THE conservative Arab Gulf states yesterday ended their four-day summit conference with a predictable call to the international community and the UN to implement the Security Council resolution demanding an end to the conflict between Iraq and Iran.

But the weakly worded communique issued after the meeting of the Gulf Co-operation Council in the Saudi Arabian capital Riyadh fell short of full condemnation of Iran. It regretted Tehran's procrastination in accepting Resolution 598 and appealed to it to respond to the wish of the Islamic world for an end to the war.

Saudi Arabia and Kuwait, the two leading GCC members and those most heavily committed in backing Iraq, had evidently hoped for a much tougher statement. But ambivalence on the part of the United Arab Emirates and Oman was believed to have largely accounted for the weaker than expected statement.

It failed to criticise directly the Iranian disturbances in Mecca during the Hajj (Islamic pilgrimage) in July and strikes against Kuwaiti oil installations.

The statement said only that the leaders had discussed the "Iranian missile attacks and aggression against Kuwait which were aimed at destabilising its security and stability" and "the sabotage caused by the Iranians near the house of Allah." The GCC, which also includes Qatar and Bahrain, commended Iraq for its endorsement of the UN resolution and expressed "sorrow" that Iran had not accepted it.

Syria could also have been partly responsible for what diplomatic observers regarded as a conciliatory outcome to the meeting.

Mr Farouq al Shara, the Syrian Foreign Minister, started his second visit to Tehran within a week following talks with the GCC leaders. He is reported to have told them that Syrian President Hafez al Assad was willing to mediate to avoid further bloodshed in the Gulf.

Agreement on military collaboration made by the six states' defence ministers were said to have been approved, but the stance taken was anything but confrontational. Unlike the resolution adopted by the Arab summit in November, it made no reference to Iranian "aggressions."

In his opening address King Fahd of Saudi Arabia had said that the GCC would be justified in seeking foreign assistance.

SOVIET cosmonaut Yuri Romanenko after his return to Earth at the end of a record-breaking 326-day stay in space.

The Soyuz TM-3 space capsule carrying himself and two colleagues yesterday parachuted on target in Soviet Kazakhstan, Reuter reports from Moscow. **The landing was reported live on Soviet television at just after noon Moscow time, with control staff at the Soviet cosmodrome at Baikonur seen clasping their hands in victory as the capsule touched down. The report said pictures of the landing, on a snow-covered steppe 80km north-east of the town of Arkalyk, would be shown later.**

Space experts say that, apart from being feats of endurance, the long Soviet space missions have the practical purpose of finding out how cosmonauts may cope with the 30-month mission to Mars planned for early in the next century. Tass, the official Soviet newsagency, said the returning cosmonauts were bringing back a mass of data, including films and sound-tapes as well as some 270 photographs of sections of the sky.

Soviet radio said the replacement crew for the three cosmonauts would spend a year in space, carrying out experiments and testing man's ability to adapt to long periods of weightlessness.

For Romanenko, 43, his return to Earth marked the end of 326 complete days in space - nearly 11 months - surpassing by nearly three months the previous record of 237 days set in 1984 by three other Soviet cosmonauts. Romanenko and his two returning colleagues, Alexander Alexandrov and Anatoly Levchenko, were "feeling fine," Tass said.

"The cosmonauts' state of health was monitored continuously throughout their flight. A series of special prophylactic measures allowed the mission commander to complete his record-breaking flight," Tass said.

Ski-slope shivers

Continued from Page 1

said Dr Josef Zeipl, manager of the Kitzbuhel ski resort.

Norway's resorts are experiencing a brisk holiday business. However, on the streets and surrounding mountain areas of suburban Oslo there are only muddy piles of frozen snow left behind by a snowfall from two weeks ago.

Temperatures in Oslo ranged yesterday from minus three to plus three degrees centigrade.

Oslo residents, however, spoiled by having skiing just outside their back door, have had to pack the family up to higher elevations.

Finland, as usual, has had snow since mid-November, although the thickness of the cover varies considerably

Temperatures yesterday varied from minus 5 centigrade on the southern coast to minus 30 in the northern parts of Lapland.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	16	61	Dubrovnik	S	15	59	Malta	F	16	61	Rhodes	S	13	55
Algiers	S	16	61	Edinburgh	R	12	54	Manchester	R	12	54	Rio de J'o	-	-	–
Amsterdam	C	11	52	Faro	F	15	59	Manila	C	33	91	Rome	S	15	59
Athens	S	12	54	Florence	C	13	55	Melbourne	C	18	64	Salzburg	F	12	54
Bahrain	S	23	73	Frankfurt	C	9	48	Mexico City	S	23	73	San Francisco	C	9	48
Bangkok	S	33	91	Funchal	C	18	64	Miami	F	20	68	Seoul	F	12	54
Barcelona	S	14	57	Geneva	Fg	2	36	Milan	S	8	46	Singapore	F	29	84
Beirut	C	17	63	Gibraltar	F	16	61	Montreal	S	-13	9	Stockholm	S	-2	28
Belfast	R	12	54	Glasgow	R	12	54	Moscow	C	-1	30	Strasbourg	S	15	59
Belgrade	C	5	41	Guernsey	S	12	54	Munich	S	12	54	Sydney	R	20	68
Berlin	C	11	57	Helsinki	S	-5	23	Nairobi	S	28	82	Taipei	S	28	82
Biarritz	S	15	59	H. Kong	S	25	77	Naples	S	13	55	Tangier	S	18	64
Bombay	-	—	—	Innsbruck	S	6	43	Nassau	C	27	81	Tel Aviv	F	13	55
Bordeaux	F	8	46	Inverness	C	10	50	New Delhi	S	23	73	Tenerife	F	21	70
Brussels	C	11	57	Islamabad	C	20	68	New York	F	2	36	Tokyo	S	17	63
Budapest	C	13	55	Istanbul	F	7	45	Nice	F	14	57	Toronto	F	-6	21
B. Aires	C	25	77	Jakarta	R	33	91	Nicosia	S	15	59	Tunis	F	15	59
Cairo	F	16	61	Jersey	S	10	50	Oporto	S	13	55	Valencia	S	13	55
Cape Town	S	19	66	Jo'burg	S	26	79	Oslo	C	-2	28	Venice	Fg	2	36
Caracas	C	28	82	Lima	S	25	77	Paris	F	7	45	Vienna	F	12	54
Casablanca	S	19	66	Lisbon	S	10	50	Peking	S	13	55	Warsaw	R	1	34
Chicago	Sn	1	34	London	C	13	55	Prague	C	9	48	Washington	Sn	4	39
Cologne	C	11	52	Los Angeles	S	6	43	Reykjavik	R	6	43	Zurich	S	8	46
Copenhagen	F	6	43	Luxembourg	C	7	45								
[illegible]	S	15	59	Madrid	C	8	46								
[illegible]	S	1	34	Majorca	S	16	61								
Dublin	C	14	57	Malaga	S	17	63								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

US joins Mexico in debt scheme

Continued from Page 1

from bank to bank and country to country making it difficult to predict whether or not the scheme will be successful. Some banks are better placed than others to realise losses on their Mexican debts and the associated reduction in their equity capital base.

Mexico said that the proposed offer would benefit the country by reducing both its debt service payments and its outstanding external debts. It said that on receipt of bids it would determine the prinicpal amount of bonds to be issued and would accept those bids offering the highest principal amount of existing debt in exchange for each dollar of new bonds.

Mr Gustavo Petricioli, the Mexican Finance Minister, said the plan would lead to "the enhancement of Mexico's creditworthiness."

Citibank, which chairs Mexico's bank advisory committee, of which Morgan Guaranty is a member, issued a cautiously welcoming response saying that the offer "creates a new element of market-based flexibility for banks in managing their Mexican exposure."

Its carefully worded response raised questions about the level of co-ordination among Mexico's leading bank creditors. While seeking innovative market-oriented solutions to the debt crisis, Citibank has consistently opposed setting precedents which involve substantial forgiveness of debt.

Though proposals for a scheme such as Mexico's have been discussed informally for years, it was believed there had been no specific discussions of the Morgan Guaranty plan among the Advisory Committee.

KaiserTech agrees deal with Engelhard

By Louise Kehoe in San Francisco

KAISERTECH, the parent company of Kaiser Aluminum & Chemical, has agreed in principle to sell the special chemicals business of its Harshaw-Filtron partnership to Engelhard, the US chemical and metals group in which Anglo American of South Africa has an indirect stake, for $264m in cash.

The companies said the transaction, which includes no assumption of debt of the Harshaw-Filtron partnership, is subject to government approvals and the negotiation of a definitive agreement to be approved by the board of each company.

Earlier this month, KaiserTech said it was considering the sale of the entire company and other actions "to maximise shareholder value."

That move followed disclosures that Mr Alan Clore, former KaiserTech chairman and the company's largest shareholder, was in default on $140m in loans used to acquire his controlling stake in the company following the October stock market crash.

Mr Clore reached agreements with lenders and with stock brokerage firms that bought KaiserTech shares on his behalf, but have not been paid, giving him until the end of the year before these parties will sell the KaiserTech stock that he used as collateral for the loans.

Since October, Mr Clore, the British industrialist who is son of the late Sir Charles Clore, has reduced his stake in KaiserTech from over 37 per cent to about 27 per cent. Engelhard, which is based in New Jersey, produces catalysts, pigments and other special chemicals.

It is a major producer of precious metal products and is also engaged in precious metals dealings.

UK drinks group gives up compensation battle

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR, IN LONDON

WHITBREAD, Britain's third largest drinks company, has given up an 18-month court battle for more than $200m compensation and damages for the loss of its distribution rights to leading vodka and wine brands in the US.

The group said yesterday that it had reached agreement out of court with Oy Alko, Finland's state spirits monopoly, the Baron Philippe de Rothschild company of France, and Mr Stephen Karp, formerly a senior executive at Buckingham Corporation, a Whitbread subsidiary in the US.

"All the parties are pleased with the settlement," it added, saying the deal had removed obstacles to co-operation between the three companies in Europe.

Whitbread refused to disclose details of any compensation or legal costs incurred because the agreement included a confidentiality clause.

The legal action started in early 1985, five months after Whitbread had paid the Beatrice group $110m for Buckingham, when Oy Alko stopped supplying the US company with Finlandia vodka and the French group halted shipments of Mouton Cadet branded wines.

Whitbread alleged in complaints filed in a New York court that it was the victim of a scheme to deprive it of two products which accounted for about a third of Buckingham's turnover, leaving it with only one major line, Cutty Sark whisky.

Net tangible assets of Buckingham at the time of the purchase were only $14m.

It claimed Mr Karp and the French and Finnish companies had planned to break away from Buckingham, once Whitbread had completed the purchase from Beatrice.

A senior executive of the British company said at the time that Whitbread's credibility in the US depended on the outcome of the court cases.

Apart from the embarrassment, the affair was a setback for the group's ambitions to become a force in the US drinks market.

However, its hand was strengthened recently by the purchase of James Burrough, manufacturer of Beefeater gin, which sells about 1m cases a year in the US.

Whitbread said yesterday that there was no question of the Finlandia and Mouton Cadet brands returning to Buckingham. They are distributed in the US by through a joint venture controlled by Oy Alko and Baron Philippe de Rothschild.

The end of litigation could be helpful in Europe and Scandinavia. Whitbread's 850 wine shops in Britain, for example, sell a wide range of French products and the group also sells its Long John whisky in Finland.

"It is difficult to have meaningful relationships when you are under the shadow of a lawsuit," the company said.

Pennzoil puts legal cost of bid at $400m

By Our Financial Staff

PENNZOIL'S legal fees and other expenses from its landmark legal battle against Texaco have been estimated at about $400m, according to a letter to shareholders obtained by a Texas newspaper.

In the letter, dated December 23, Mr J. Hugh Liedtke, Pennzoil chairman, wrote: "We expect to have pre-tax net recovery after all expenses incurred in connection with the litigation and the bankruptcy procedures of in excess of $2.6bn."

The $400m figure includes all expenses, including lawyers' fees, which may not be disclosed, said Pennzoil.

Earlier this month, Pennzoil agreed to accept $3bn from Texaco to settle its $10.3bn court-awarded judgment against the oil major, which was found to have interfered with Pennzoil's attempt to buy Getty Oil.

In the letter, obtained by the Houston Post, Mr Liedtke defended Pennzoil's decision to settle for the lower monetary amount, saying it may have taken years to collect the larger judgment, the form of which would have been determined in Texaco's bankruptcy proceeding.

Fletcher to study ways to block Elders–NZFP link

BY OUR FINANCIAL STAFF

FLETCHER CHALLENGE, the New Zealand forestry company, is to examine all legal avenues in an attempt to stop the ambitious A$1bn (US$714m) proposed merger between New Zealand Forest Products (NZFP) and Elders Resources of Australia.

Fletcher, which is New Zealand's largest company in terms of capitalisation, intends to use its 19.9 per cent stake in NZFP to block the plan.

Mr Hugh Fletcher, Fletcher's chief executive, said yesterday he was looking at the possibility of calling an emergency meeting of NZFP shareholders, and at "any other legal remedy open to us and other minority shareholders." He said the merger would "blatantly reduce the value" of Fletcher's investment.

Under the plan announced on Christmas Eve, Elders IXL, the Australian brewing, agribusiness, and resources conglomerate, headed by Mr John Elliott, gained a controlling interest in NZFP by buying shares and options to about 60 per cent of Rada, an investment company. Rada owns 44 per cent of NZFP and shares the same senior management.

Elders then proposed a merger of NZFP with its 47 per cent-owned unit, Elders Resources.

Mr Fletcher accused NZFP management of using its minority shareholders to "bankroll" the rescue of Rada, which has been hit by the October stock market collapse.

At NZFP, Mr Bob Gunn, chairman, said the proposed merger was the only proposal that ensured the company continued to operate "as an entity and in its entirety."

The merger would bring together forestry, gold, oil and gas resources in a marriage more feasible than an earlier unsuccessful attempt to merge with Amcor, an Australian forestry group.


Mr John Elliott: Seeking merger

"This range of resources will provide an improved trading scenario for the total group with the counter-cyclical effects of gold and oil balancing the wood pulp and paper cycle."

Impala Pacific set to become private

BY OUR FINANCIAL STAFF

IMPALA PACIFIC, the publicly listed Hong Kong investment holding concern, is to become a privately held company. The move arises from a proposal made by its independent director and accepted in principle by the company's major shareholders, Ariadne Australia and Renouf, Ariadne's New Zealand unit.

All three companies are controlled by Mr Bruce Judge, the Australian entrepreneur whose investment interests gave been badly hit by the stockmarket crash.

Mr R.T. Gallie, sole independent director, said privatisation was the best solution to a complex set of problems created by Impala's debts to Ariadne and Renouf and the cancellation in October of Renouf's offer to buy out Impala's minority holders.

Impala said it had not yet been decided which of its controlling shareholders would buy out the company's minority interests. Ariadne owns about 34 per cent of Impala and Renouf about 30 per cent.

Mr Gallie said talks were now underway on the price that would be paid for the minority shares. The price would be well below the HK$18 (US$2.3) a share originally offered by Renouf in August, but added that it would "compare favourably" with any market price that could be expected for the shares, were they to resume trading.

Trading in Impala shares was suspended at the request of the Hong Kong Securities Commission on October 15, with the stock quoted at HK$16.90 a share. In light of the new proposals, Impala would not resume trading.

Shearson and Hutton revise terms for deal

SHEARSON LEHMAN and E.F. Hutton have revised the terms of Shearson's previously announced $960m acquisition of Hutton as part of an agreement in principle to settle various lawsuits filed in the Delaware court of chancery, **writes Our Financial Staff.**

Under the revision, the maximum number of Hutton common shares to be bought in Shearson's cash tender offer has been increased to 29.6m from 28.1m.

Additionally, the maturity of the 10¾ per cent senior subordinated notes of Shearson Lehman into which the remaining shares will be converted, has been shortened from 10 years to eight years and the notes will no longer be redeemable.

The tender offer, which had been scheduled to expire on January 5, has been extended to January 12.

Firestone Tire to close plant in Ontario

FIRESTONE Tire & Rubber's Canadian unit will shut its Hamilton, Ontario plant on January 31, laying off 1,300 workers, because of declining demand for its model of tyre, the company said yesterday.

Firestone Canada had said last summer it might have to close the bias (cross) ply tyre plant but was hoping to sell it. Talks with Ohio-based Cooper Tire and Rubber to take it over had failed, the company said.

Bond Corp wins bid for Chile telephone

BOND CORPORATION Holdings, a communications group controlled by the Australian entrepreneur Mr Alan Bond, has won the bidding for a controlling stake in Chile's state telephone company with an offer of more than $250m, **Reuter reports from Santiago.**

Mr Bond fought off bids from a Spanish-French venture and a Chilean company for a 45 per cent interest in Chile Telephone (CTC).

Corfo, Chile's state holding company for nationalised industries, said Bond Corp had offered $122m for a package of shares held by Corfo amounting to a 30 per cent stake. Bond Corp would also be subscribing to a $149m capital increase in the telephone company to boost its stake to 45 per cent.

Although the deal must still be approved by the government's Fiscal General, this was merely to assure that all the legal formalities had been followed and did not involve any fresh evaluation of the bids, Corfo said.

The sale of the CTC stake is the largest single deal to be made under a privatisation programme being carried out by the military Government of President Augusto Pinochet.

The telephone company had belonged to the ITT of the US before being taken over by the Marxist government of Salvador Allende, toppled in the 1973 coup.

Corfo said it would maintain a 20 per cent holding in the telephone company, but with the remainder of the shares being held by several thousand small investors, Mr Bond's stake would amount to a controlling interest.

The Spanish-French bid had been led by Telefonica of Spain, which according to press reports has offered $234m, while Comunicaciones Chile, a local firm, had offered $232m.

Italcable forecasts 30% rise in profits

By John Wyles in Rome

A "REMARKABLE" increase in overseas telecommunications traffic has helped Italcable, the Italian state-owned telecommunications company, to predict an increase in net profits of more than 30 per cent in 1987.

The board says revenues have increased by about 10 per cent over the L525bn total in 1986 and net profits will be "around" L100bn ($83.4m) compared with L67.7bn.

The effects of this year's heavy dollar devaluation had been more than offset by a "remarkable increase in telephone traffic," says the company. Terminal telephone traffic has risen by 17 per cent over 1986 while transit traffic rose 40 per cent.

The number of countries outside Europe that can now be reached from Italy by direct dial has risen to 52, while 95 per cent of Italian subscribers have access to a direct dial service.

Anatole Kaletsky and George Graham on an unexpected battle

The lure of Robins' basic brands

THE BIDDING war for A.H.Robins has taken even seasoned operators in the arbitrage business by surprise, as evidenced by the surge in the company's share price from less than $14 two weeks ago to yesterday's level of more than $20.

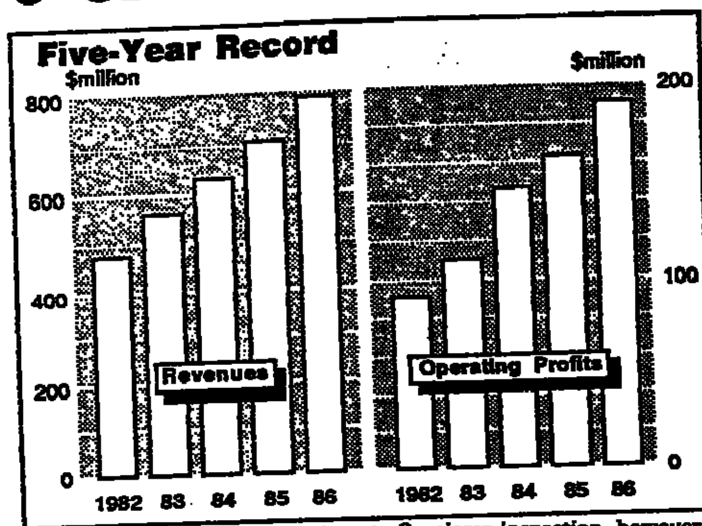
The reasons for the confusion about the company's prospects, as well as for the bidders' enthusiasm, lie in the pathbreaking ruling which was handed down on December 11 by Judge Robert Merhige, the US bankruptcy judge in Robins' home town of Richmond, Virginia.

The key to the company's equity value, if any, has always been the size of the trust fund which it would have to establish to pay for the injuries caused by the Dalkon Shield, a contraceptive device which led to damaging claims from users and eventually forced Robins to seek Chapter 11 protection.

Without the Dalkon Shield disaster, Robins would be a highly profitable company. Its three main non-prescription drugs - Robitussin cough mixture, Chap Sticks lip salve and Dimetapp cold tablets - are the biggest selling products in their respective markets.

In 1986 these and several other consumer products generated operating profits of $52.7m on sales of $267m. Its wide range of ethical drugs, including generic injectables and potassium supplements, produced profits of $110m on $409m of sales. Total net earnings for the first nine months of this year amounted to $60.3m or $2.50 a share, on sales of $621m.

Given the scarcity of successful US pharmaceutical companies willing to sell themselves to the highest bidder, this sort of profitability could possibly justify a stock market value of $1.5bn to $2bn for Robins and a substantially higher acquisition value.



The trouble has always been the unquantifiable liability for the Dalkon Shield. Mr Merhige seemed to solve that problem when he announced that the company must set aside $2.48bn to cover the 200,000 possible claims against it. Initially, however, the judges' decision was interpreted as a crippling blow for Robins. His estimate of liability was $700m higher than the maximum of $1.7bn offered by Robins in its own reorganisation plan, which it put forward in conjunction with Rorer, the favoured suitor of the Robins family which owns 40 per cent of the company.

The difference between the two figures seemed to be sufficient to wipe out the whole of the equity in Robins. The Merhige ruling was presented as a disaster for the Robins family's controversial strategy of seeking protection from the Dalkon claimants in the bankruptcy courts.

On closer inspection, however, it has begun to look as if the stock market misinterpreted Judge Merhige's decision. For the judge's $2.48bn estimate made no mention of the time over which the money would have to be paid.

If, as many analysts now believe, Robins wins acceptance for a reorganisation plan which allows it to pay off its Dalkon Shield liabilities, over a period of seven years or more, the present cash value of Judge Merhige's estimate will be much smaller - perhaps less even than the $1.7bn which Robins and Rorer were willing to offer a few months ago.

Sanofi's bid to take control of Robins is far from its first fling in the US market. But when Sanofi, 60 per cent owned by the French oil group Elf-Aquitaine, disclosed its bid plan, reaction in Paris was sceptical.

However, Mr Rene Sautier, Sanofi's chairman, said that Robins was still a very good company. Robins had a profit margin of more than 10 per cent on sales, Sanofi pointed out.

With more than half of turnover coming from prescription medicines, especially gastro-intestinal, anti-spasmodic and cough drugs as well as potassium supplements, Robins's product line complements Sanofi's own list well.

The French group is focussed more on cardio-vascular drugs – especially its Ticlid product, used to combat peripheral arterial diseases – and on tranquillisers such as Tranxene. It has also developed a major activity in bio-chemicals, where its subsidiary Mero-Rousselot-Satia claims to be world market leader in gelatins and the second largest producer of carragheenins and pectins.

Nor, Sanofi claimed, did Robins's overseas subsidiaries overlap with its own foreign network, although the US company's major operations were in West Germany and in France, where it controls Laboratoires Martinet.

Although Sanofi has not revealed details of its bid to take control of Robins, it said that it was the only one of the three contenders which wanted to leave the US company to develop on its own, rather than absorbing it within its own structure.

Mr Sautier said Robins could feed the $2.48bn trust fund to pay for Dalkon Shield damages out of its cash-flow, and his group would merely have to provide financial guarantees for the fund.

Sanofi expected profits for 1987 to show a 20 per cent gain on the FFr495m ($90m) of 1986. Additional exceptional gains of FFr800m would come from the sale of a 33 per cent stake in the French subsidiaries of American Home Products - now Sanofi's rival in the bid for Robins.

Malaysian group plans 55m ringgit issue

BY WONG SULONG IN KUALA LUMPUR

MBF HOLDINGS, the Malaysian finance and property group, has proposed a one-for-one rights issue to raise nearly 55m ringgit ($22m) to reduce bank borrowings and provide additional working capital.

MBF said in view of the "prevailing adverse stock market condition," it had decided to abandon plans to acquire - through the issue of shares - major stakes in three companies; Ganda Holdings, Samanda and Duff Berhad.

The rights issue is priced at the par value of 50 cents. Shareholders are being asked to put up 30 cents in cash with the remaining 20 cents coming from the group's share premium account.

MBF incurred an after-tax loss of 56.8m ringgit for the year ended September 1986. Bank borrowings at that date totalled more than 300m ringgit.

Two weeks ago, MBF shareholders voted to sell the company's 21 per cent stake in Emtex Corporation, the plantation company, for 43m ringgit.

Toray Industries well ahead in first half

BY OUR FINANCIAL STAFF

TORAY INDUSTRIES, Japan's largest manufacturer of synthetic fibres, boosted consolidated net earnings in the first half ended September 30 by 27.9 per cent to Y13.3bn ($105.6m), from Y10.4bn a year earlier.

Pre-tax earnings soared 208.5 per cent to Y22.6bn, but extraordinary gains, including profits from the sales of securities and other assets, plunged to Y1.14bn from Y19.1bn.

Net earnings per share were Y10.58, up from Y8.56. Group sales edged up 3 per cent to Y366.7bn from Y356.1bn.

During the six months, Toray said, the company had to adjust production in line with the sagging demand that resulted from the yen's sharp appreciation. Though sales by overseas subsidiaries, especially those in South-east Asia, grew steadily in terms of local currencies, they levelled off when converted into yen.

Sales of fibres and textiles, Toray's largest line of business, dropped 4.1 per cent to Y195bn. In contrast, sales of plastics went up 7.3 per cent to Y86.3bn.

VNU bids for Dutch newspaper chain

By Our Financial Staff

VNU, the Netherland's largest publisher, is to make an agreed bid worth Fl 240m ($140m) for Audet, a Dutch newspaper chain with about 10 per cent of the local market.

Audet, based in the eastern Dutch town of Nijmegen, owns several regional newspapers. Its turnover in 1986 was Fl 312m while profits for the year totalled Fl 20m after tax.

The company has two major shareholders. De Telegraaf, the Dutch daily newspaper, has a five per cent stake and Hazewinkel Holding Groningen, a regional holding company, has a 15 per cent shareholding.

In turn, Audet holds 15 per cent of Hazewinkel and 25 per cent Drukkerij Twentse Courant, a printing group. Audet also controls 20 per cent of rival newspaper chain Wegeners Couranten Concern, and has a 44 per cent stake in Ivorycrest, a UK computer software company.

The two companies said yesterday that their merger would strengthen their newspaper market shares in the provinces of Brabant, Limburg and Gelderland. The deal would also offer opportunities for joint marketing, development of new technologies and new market information systems, they said.

VNU's existing newspaper operations are small, accounting for about 6 per cent of Dutch readership and about 8 per cent total turnover, which in 1986 amounted to Fl 1.7bn.

The company's mainstream publishing business mostly centres on educational books, courses, trade journals and data-based publishing. It made a net profit last year of Fl 75m.

VNU is offering a mixture of cash and shares for Audet. The companies plan to make a joint statement within ten days and the bid prospectus is due to be published before the end of next month.

Cartel Office clears Asea Boveri merger

By Our Financial Staff

WEST GERMANY'S Federal Cartel Office has approved the merger between BBC Brown Boveri of Switzerland and Asea of Sweden. The deal, which will create the largest heavy electrical engineering group in Europe, was recently given the go-ahead by the Swedish authorities

Swiss BBC holds more than 75 per cent of BBC Brown Boveri AG of West Germany. These shares are to be transferred to a new holding company for the three Swiss, German and Swedish operating units.

The merger will not result in any large additions of market share in West Germany, and the new group will face competitors at home and abroad, the German Cartel Office said yesterday

Kuala Lumpur Kepong lifts dividend

By Our Kuala Lumpur Correspondent

KUALA LUMPUR-Kepong, Malaysia's fourth largest plantation group, has reported a 200 per cent increase in pre-tax profits to 91.8m ringgit ($37.3m) for the year ended September 1987, on the strength of good commodity prices.

KLK is doubling its final dividend to 10 cents, making 15 cents for the year compared with 10 cents previously. Turnover rose 27 per cent to 277m ringgit.

The directors said yesterday that if current favourable commodity prices were maintained, another strong year for profits was in prospect. During the past few years, KLK has embarked on an aggressive expansion programme, nearly doubling its plantations to 160,000 acres.

The group, which last year staged a 360 per cent jump in after-tax profits to 60.4m ringgit, is controlled by Tan Sri Lee Loy Seng, the Malaysian businessman.

Explosivos Rio Tinto setback

UNION EXPLOSIVOS Rio Tinto, the Spanish chemical group, expects net profits for 1987 to decline to Pta2.2bn ($20m) from the Pta2.93bn of 1986, writes Our Financial Staff.

Union Explosivos said yesterday that lower crude oil and fertiliser prices had hit profits and turnover. Sales were estimated at Pta172bn, against Pta182bn. Profits had been depressed by high debt-servicing costs.

West Germany launches record DM5bn issue

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

THE ANNOUNCEMENT of a DM5bn bond issue by the Federal Government of West Germany, its largest offering ever, was the highlight for very quiet international bond markets yesterday.

Government bonds in the UK benefited from the dollar's fall and from early weakness in the London stock market. In the US, Treasury bonds steadied as the dollar was supported by concerted central bank intervention in the foreign exchange markets.

Non-dollar bonds generally showed early price gains, but these were reduced as the dollar's fall was stayed. Trading was slack with many dealers having closed their books for the year.

Germany has made it a tradition to announce a bond between Christmas and the New Year. Terms were as expected, with a 10-year maturity and a 6⅛ per cent coupon, but the size was DM1bn more than most dealers had forecast. Despite this, however, they said the

INTERNATIONAL BONDS

terms were fair and forecast that the par-priced bonds would sell well when markets got back into full swing next week.

The size of issues has been expected to rise because the Government's borrowing needs are expected to increase in 1988.

Initial trading was at ¾ point below issue price, compared with the 99¾ at which the most recently-issued Federal bond, which had the same coupon and life, was fixed on the stock market yesterday.

Switzerland saw more active business than other bond markets, and priced firmed slightly on an easing in share prices on the stock market.

A SFr100m six-year issue for Skandinaviska Enskilda Banken with a 4½ per cent coupon ended its second day's trading at 99, unchanged on the day, but one point below its issue price. A SFr80m five-year issue for Nippon Suisan Kaisha with a 4⅝ per cent coupon ended its second day's trading at 100¼, ¼ point up on the day and compared with a par issue price.

Tokyo banks' reserves fillip

BY STEFAN WAGSTYL IN TOKYO

THE 13 largest Japanese banks are to be allowed to issue convertible bonds for the first time from next April, so that they can increase their capital reserves.

The Japanese Ministry of Finance's move, a further step in the liberalisation of Tokyo's financial markets, is a defeat for the country's three long-term credit banks, which had tried to delay the 13 city banks' access to the convertibles market.

Until spring 1987, the long-term credit banks alone had the right to issue convertible bonds, which are long-term financial instruments, in keeping with Japan's policy of rigidly separating long-term and short-term banking.

However, in April the Ministry of Finance broke the long-term credit banks' monopoly and permitted small commercial banks to raise convertible bonds. Continued lobbying has now also paid off for the 13 large commercial banks.

It seems their argument was bolstered by the decision in December of the Bank for International Settlements, the international advisory body, to raise banks' capital adequacy ratios to 8 per cent of assets by 1992.

With ratios in the region of 3 per cent at present, Japanese banks recognise a need to raise new long-term funds. However, in a concession to the long-term credit banks, the Ministry has restricted city banks to raising convertible funds for capital investment only and to keep issues to "low" levels.

Meanwhile the city banks are limiting growth in lending in response to pressure from the Bank of Japan, which is worried about the speed of increases in the money supply.

The banks have agreed to limit to 2.3 per cent the increase in lending in the first quarter of 1988 compared with a 3.9 per cent rise in the last quarter of 1987. The year-on-year rise in money supply in November was 12.4 per cent, against a 11.7 per cent rise in October and an 8.3 per cent increase in the October-December quarter of 1986.

The Bank of Japan is concerned that this growth might kindle inflation. It has been particularly worried about increases in loans to fund property development, which it believes have helped fuel a surge in land prices in Tokyo and elsewhere.

Nissan sees profit at Spanish unit

BY OUR FINANCIAL STAFF

NISSAN MOTOR Iberica expects to make a Pta2.5bn profit ($22.6m) for 1987, the company's first profit since Nissan Motor of Japan took control seven years ago.

Motor Iberica lost Pta8.5bn last year and has lost about Pta30bn since 1980. However, the company, which is 75 per cent owned by Nissan Motor, is seeing the results of Nissan's Pta45bn seven-year capital investment programme.

New technology had enabled the company to produce two successful new models, the all-terrain Patrol and the Vanetta van. Total sales this year were expected to reach a record Pta100bn, the company said.

Nissan will invest a further Pta13bn in Nissan Motor Iberica over the next two years.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on December 29

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅛ 92	200	93½	94	+0¼	+0⅜	9.38
All Nippon Air 9⅛ 97	100	92⅞	93⅜	0	0	10.58
American Brands 8⅞ 92	150	97⅞	97⅞	0	+0⅜	9.51
A/S Eksportfinans 7⅝ 93	100	91⅞	92⅜	0	+0⅜	9.47
A/S Eksportfinans 7¼ 92	150	93	93½	0	+0⅜	9.31
Barc. Bk. Fin. 10¼ 89	200	†102⅞	103⅜	0	+0¼	8.45
Belgium 9¼ 92	400	99⅝	100	0	+0⅜	9.20
British Telecom 7⅝ 96	250	86⅞	86⅞	0	+0⅜	9.97
British Telecom 8⅞ 94	150	97⅛	97⅝	0	+0⅜	9.41
Canada 9 96	1000	96⅞	97⅜	0	+0⅜	9.51
Canadian Pac 10⅞ 93	100	†105¼	105⅜	0	0	9.86
C.C.C.E 7⅛ 91	113	94⅝	95⅛	0	+1	8.75
C.N.C.A 7¼ 91	150	93½	94	0	+0¼	9.20
Coca-Cola Ent. 8¼ 90	100	99⅞	100⅜	0	+0⅜	8.16
Credit Lyonnais 9 91	200	100	100½	0	+0⅜	8.88
Credit National 7⅛ 92	100	93⅜	94⅜	0	+0⅜	9.06
Credit National 7¼ 91	150	94⅛	94⅝	0	+0⅜	9.00
Denmark 7⅛ 92	500	92¼	92½	−0⅛	+0⅜	9.43
Denmark 8¼ 91	300	†—	—	—	—	—
E.E.C 7 91	100	93⅝	94⅛	0	−0¼	8.91
E.E.C. 7¼ 93	250	91¾	92¼	−0¼	0	9.25
E.E.C 8¼ 96	100	91⅛	91⅝	−0¼	+0⅜	9.78
E.I.B. 7⅝ 93	100	92⅜	92⅞	0	+0⅜	9.35
E.I.B. 9⅜ 97	150	97⅛	97⅝	−0⅛	+0⅜	9.79
Finland 7⅛ 97	200	87⅝	88⅛	+0¼	+0⅜	9.96
Finland 7½ 93	200	91½	92	0	+0⅜	9.42
Ford Motor Cred 11⅞ 90	100	†105¼	105¾	−0¼	0	8.42
Gen Elec Credit 10⅛ 00	200	†104⅛	104⅝	0	+0½	9.58
G.M.A.C. 8 89	250	99	99⅜	0	+0⅜	8.54
G.M.A.C. 8¼ 89	200	100¼	100¾	−0⅛	+0⅜	7.83
Hoesch 8¼ 97	100	†90½	91	+1	+1⅜	9.80
Hoesch 7⅞ 92	100	†96	96½	0	+0⅜	8.45
Hoesch 7⅞ 94	300	†93½	94	0	+0⅜	9.22
Liberty Mutual 8½ 96	150	†92⅛	92⅝	0	+1⅜	9.89
L.T.C.B of Japan 8 91	100	96½	97	0	+0½	9.11
L.T.C.B. of Japan 8 97	200	86⅝	87⅛	−0⅛	+0¼	10.29
Mercds-Benz Cred 8¼ 92	100	†98⅞	99¼	−0⅛	+0⅜	8.50
Mitsubishi Fin. 7⅞ 93	100	†91⅜	91⅞	+0⅜	+1⅛	9.79
Mutual America 7⅞ 92	100	†94¼	94¾	0	+0⅜	9.32
Norway 7¼ 91	500	†94¼	94¾	−0½	−0¼	9.07
Pepsico Inc 7⅞ 93	200	†91⅜	91⅞	−0¼	+0⅜	9.41
Prudential Crp. 8⅜ 94	125	96¼	96¾	0	+0⅜	9.47
Qantas Airways 10⅞ 95	140	102	102½	+0¼	+0⅜	9.94
Rep. of Italy 9 90	1000	100⅞	101⅜	0	+0⅜	8.50
Saab Scania 9⅞ 91	125	†102⅞	103¼	+0¼	+1	8.36
Saskatchewan 10⅞ 92	100	105¼	105⅝	+0⅛	+0⅜	9.12
State Bk S Aust 9¼ 93	100	98⅞	98⅞	+0¼	+0⅜	9.59
Swedish Expt.Crd.7¼ 91	100	†93⅞	94⅜	−0¼	+0⅜	9.08
Swed Exp Cred 10 92	100	103⅞	104⅜	−0⅛	+0⅜	8.80
Sweden 7 91	250	94⅛	94⅝	0	+0⅜	8.80
Sweden 7 92	250	†93¾	94¼	+0⅜	+1⅛	8.78
Sweden 8⅜ 96	200	94⅜	95	−0¼	−0⅜	9.71
Sweden 8½ 92	200	†97⅞	98⅜	+0⅜	+0½	8.99
Taiyo Finance 7⅞ 94	100	†90¼	90¾	+0⅞	+1¼	9.89
Toyota Mtr.Cred.7⅛ 92	150	†93	93½	+0⅜	+1⅛	9.17
Victorian Rep 11⅜ 92	150	107⅛	107⅝	+0⅛	+0⅜	9.48
World Bank 7 92	300	†93¼	93¾	0	0	8.96
World Bank 9 97	300	95	95½	−0¼	+0½	9.77
Yasuda Trust Fin 8½ 93	100	94⅜	94⅞	0	+0⅜	9.79

Average price change... On day +0 on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	100⅝	101	+0¼	+0¼	5.87
Avis Fin.SVS 5⅞ 92	100	†99¾	100¼	0	0	5.87
Bank of Greece 5⅝ 92	300	97⅝	98	−0⅛	−0⅛	5.91
Bank of Tokyo 5¾ 93	100	†102¾	103¼	−0⅛	+0¼	5.07
Central BK. Turkey 7 92	200	†102½	103½	+0½	+0½	6.24

† Only one market maker supplied a price

UK COMPANY NEWS

Nikki Tait on a "stop–go" year of bid activity and the resultant problems

Mega–deals were highlights of 1987

IT began with a mega-bid. It ended with two mega-bids. In between came the problems.

To describe 1987 as a "stop-go" year for bid activity would not be an overstatement. True, there was noticeably more "go" than "stop" overall, with Department of Trade figures suggesting some £12bn-worth of inter-UK deals in the first three quarters, against £11.3bn in the comparable months of 1986.

The number of acquisitions covered by those figures almost doubled on 1986 – reflecting the absence of the previous year's mega-deals – and with almost £6bn-worth of bids emerging in the closing seven weeks of 1987, the total tally should bring a warm glow to any merchant banker's heart.

That said, day-to-day life in the City's corporate finance departments has been far from easy. The year has yo-yoed between four distinct – and sometimes uncomfortable – phases.

The first centred on the combined effects of the successful Pilkington defence against BTR's £1.2bn offer at the turn of the year, and the prolonged repercussions of the Guinness/Distillers scandal. Together, these two developments put formidable dampeners on hostile activity.

Come the spring, aggressors started to recover their nerves. But although the likes of Tesco (for Hillards), Ranks Hovis McDougall (for Avana) and Williams Holdings (for Norcros) flew in the face of their target's wishes, success demanded generous terms.

When Williams decided against an increase in its initial offer, the price was failure. Tesco took out Hillards on a rating of 33 times historic earnings and 23 times prospective, but still failed to prevent the departing Hillards' chairman from lambasting accepting institutions for taking short-term profits. RHM paid 16 times Avana's 1987/8 forecast.

Pricey though such deals were, there was an immediate financial justification thanks to the dilution in the immediate post-merger period.

Two other trends during the early summer were also attributable to the heady market conditions. The first was a gaggle of small go-go companies utilising their fancy p/es to swallow much larger, often ailing, rivals.

The pattern was discernable at various levels: at the upper end, WPP (in its bid for JWT Group), Blue Arrow (for Manpower) and FKI Electricals (for Babcock International), financed deals running into hundreds of millions by issuing large tranches of highly-rated paper.

Further down the scale, there was a heap of shell situations – the likes of Acsis Jewellery, Charles Baynes, and so on – where the management buy-in represented a one-man entrepreneurial effort, with the promise of a wave of acquisitions to come.

The second trend was Transatlantic. According to brokers Hoare Govett, UK companies spent around $24bn up buying corporate Amercia in the first nine months of the year through almost 200 separate transactions. By the year-end, reckons Hoare, the figure had swollen a little further to $26.2bn, compared with just $14bn in 1986, and a mere $5bn in 1985.

Top of the 1987 list was BP's $7.6bn buy-out of the outstanding 45 per cent of Standard Oil, followed by Hanson's $1.7bn Kidde deal and ICI's $1.69bn acquistion of Stauffeur Chemicals.

Come mid-August, a third – this time less kindly – sea-change occured. Share prices began to wobble and large bundles of new corporate paper were left in the hands of unhappy underwritiers. Sentiment never fully recovered, and in mid-October the stock market simply plunged.

The net result was to first stall bid activity and then – in the three weeks following Black Monday – to produce a complete famine on the acquisitions front.

The final phase of the year was crammed into just seven weeks. It saw almost a dozen bids surface, as a modicum of stability appeared to be returning to the London market, starting with Granada's £250m offer for Electronic Rentals and ending with the £2.2bn bid from BP for Britoil.

Robert Alexander (left), chairman of the Takeover Panel and Sir Owen Green, BTR chairman.

Virtually all of these predators either offered cash, or a large cash element – a clear appeal depleted institutional coffers. The total value of this final bid wave has come close to £6bn.

So what lessons have emerged from 1987's shifting sands? Which developments can be put down to the rapidily changing environment and which herald more fundemental features of the UK bid scene?

Mid-year, it looked as if the general trend away from contested situations was fairly firmly imbedded. In part, that could be put down to a stricter supervisory climate (and the hair-shirt atmosphere) which followed the Guinness revalations – in particular, the new Takeover Panel rules requiring disclosure of changes of shareholdings exceeding 1 per cent in bidding or target company.

Arguably, however, the Pilkington outcome and the short-termism arguments played a significant part, too. If large shareholders were reluctant to back an unwanted bidder offering anything less than highly generous terms, more thrifty aggressors were well-advised to take the softly-softly route.

Those short-termism arguments, however, have flown out the door with the heady pre-October ratings. Whether institutional loyalty to incumbent managements now sticks so firmly, is something which the new year will test. Certainly, the year-end bid spree brought a speedy return to contested deals.

The question of minnow/whale contests is equally uncertain. These were generally viewed as a bull market phenomenon, dependent on large paper issues and the ability to underwrite. Earlier this month, however, Barker & Dobson – the sweets and supermarkets group – proved that assumption wrong with its £2bn cash and shares bid for Dee Corporation, Britain's third largest grocery group whose market price-tag is 15 times that of the bidder's.

To fund the deal, B&D is replacing part of the typical share issue element with some £1.6bn-worth of bank loans, the bulk of which would be repaid by the sale of certain Dee interests.

While the circumstances of contest may be unusual – few small bidders, for example, wish to shed half their target's business – the re-emergence of a highly leveraged deal does suggest that lofty ambitions have not been entirely crushed by the crash, and that bank funding may yet have a bigger part to play.

From an advisor's perspective, 1987 has been the first full year since Big Bang, when a host of new players could have been expected to push into UK M and A business.

In general, the indigenous merchant banks appear to have stood their ground well: some conflicts of interest have led to new advisors being brought in on specific deals, and the American banks can justly claim to have gained a small amount of ground. But in the final post-October wave of bid activity, the trend has run noticeably in the opposite direction. The familiar names – Kleinwort Benson, Morgan Grenfell and so on – have featured prominently.

Finally, there is the position of the Takeover Panel itself. If Britain's bids and deals watchdog feared for its non-statutory status at the end of 1986, those qualms must now be somewhat soothed.

In part, the Panel's job has been made easier by the reduced level of contested activity and by the more muted approach to those bid battles that have occured in the wake of the Guinness affair.

But 1987 also brought in a highly-experienced barrister, Mr Robert Alexander, as chairman. Certainly, the Panel's recent judgement over Britoil's "golden share" and its ruling on the Guinness compensation – which has spurred the brewing company into High Court action against the Panel – suggests that a more forceful approach is in the air. And if the current wave of contested activity continues into 1988, that may yet be very welcome.

Doubt over Gulliver's plans for Waverley

By Clay Harris

Mr James Gulliver's proposal to buy control of Waverley Cameron, the Edinburgh-based stationery manufacturer, was in doubt yesterday after a large minority shareholder signalled opposition to the plan.

Mr Gulliver, who will step down in September as chairman of Argyll Group, owner of the Presto and Safeway supermarket chains, had announced plans to build Waverley Cameron into a Scottish consumer products and services group.

The Waverley Cameron board has unanimously recommended a plan under which Sanda, a company controlled by Mr Gulliver, would buy existing shares and inject £1.65m in new capital sufficient to raise its total stake to 64 per cent. The proposal must still be approved by shareholders.

Yesterday, however, Sanda said that Flavell Communications had raised its stake in Waverley Cameron from 16.7 per cent to 18.3 per cent and had told Sanda that it now opposed the plan.

Flavell had formerly indicated its support for the *proposal*, Sanda said. To block it, Flavell would need to win the backing of more than 25 per cent of Waverley Cameron's shares.

Neither Mr Gulliver nor Mr Kevin Doyle, who Sanda said is believed to control Flavell, could be reached for comment. Noble Grossart, the Edinburgh investment bank advising Sanda, declined to comment except to say that the company was reserving its position.

Waverley Cameron shares lost 7p to 453p. This compares with the 270p at which Sanda bought nearly 13 per cent earlier this month and the 120p price at which its proposed subscription for new shares was to be made.

Victor Products shares surge after takeover approach

BY NIKKI TAIT

SHARES IN **Victor Products**, Tyneside-based industrial and mining equipment company, surged 45p to 190p yesterday on news that the company had received a takeover approach. The shares had already gained 12p on Christmas Eve.

Directors of Victor said that they were discussing the approach with financial advisers Hill Samuel, and would make a further announcement in due course. Yesterday, Hill Samuel refused to elaborate on the statement, adding only that it hoped to make the further announcement "as soon as we possibly can".

Over the past few months, however, Northern Engineering Industries – another Newcastle-based company - has been widely tipped as a prospective suitor. The heavy engineering group has held a stake in Victor just below the disclosable level for some years and in July lifted this to 11.1 per cent. There was an additional purchase in September, and by mid-October NEI's interest stood at just under 18 per cent of Victor's equity. Yesterday, the engineering group was making no comment on the current situation.

In August, Victor reported a drop in pre-tax profits from £1.4m to £734,000 during 1986/7 – a year hampered by low oil prices, little North Sea development activity and internal reorganisation. Any contested bid for Victor, however, would run into the formidable obstacle of a 25.9 per cent stake held by the company's own pension fund. At the current market price, Victor is capitalised at £14.5m.

Tip Top in preliminary talks on possible bid

BY MARTIN DICKSON

Tip Top Drugstores, the toiletries retailer, announced late yesterday that it had been holding "very preliminary" discussions about a possible bid for the company.

The statement, issued after the market closed, came in response to a rise in Tip Top's share price, which ended the day at 98p, up 5p, giving the company a market capitalisation of around £11m. At the start of last week the price was just 83p.

However, the statement stressed the "tentative nature" of the discussions and said the directors did not know whether an acceptable offer would emerge.

Tip Top runs over 100 stores, most of them in Scotland and the North of England, although it has been expanding in the Midlands.

In August, the group revealed that an unusually high degree of a stock shrinkage had cut pre-tax profits from £1.28m to £430,000 in the year to May. However it added that there was no evidence of organised theft.

Tip Top came to the market in the spring of 1986 on a wave of investor enthusiasm for the new type of "drugstore" retailers, but since then competition in the sector has greatly intensified, notably from Boots, the retail chemist.

Sears letter pre-empts Freemans defence document

BY NIKKI TAIT

Sears, the retail, footwear and betting group which launched a £430m cash bid for mail order company Freemans earlier this month, yesterday posted a further letter to shareholders, arguing that its target "has lost its way and needs help to return to profitable growth".

The Sears letter pre-empts the Freemans defence document which is likely to be sent out today. The formal offer document from Sears was posted – in two batches – before Christmas.

In the letter, Sears chief executive Mr Geoffrey Maitland Smith says that Freemans chairman, Mr Ralph Aldred, has refused requests for a meeting. "There are worrying signs that Freemans has now lost its way," continue Mr Maitland Smith. "We believe that the Freemans strategy is sound - to build on its original agency activities by entering the direct mail catalogue business and to link mail order with high street retailing – but Freemans does not have the resources or skills to carry this strategy through on its own."

Yesterday, Freemans advisers, Morgan Grenfell, said that they could see little new in the latest letter and that the commerical arguments would be dealt with in the defence document. They declined to comment on "white knight" possibilities.

Thoughts that a rival bidder might emerge sent Freemans shares to well over 300p when the bid was first announced. Yesterday, they eased 3p to 296p – still 11p above the Sears terms.

Laura Ashley to expand Australian interests

BY HEATHER FARMBROUGH

Laura Ashley, the home furnishings and clothing group, is expanding its Australian interests with a £4.7m cash bid for **R.M. Williams**, manufacturer and retailer of leather goods and outerwear. So far it has bought 14.99 per cent for £630,000 cash.

Laura Ashley's Australian advisers were invited to make an offer for the company in response to an earlier hostile bid for Williams by Australian company Bennett and Fisher, which valued the company at £4.27m.

A spokesman for Laura Ashley said: "It is an attractive time to invest in Australia because of the weak dollar."

Williams has nine retail outlets in the major Australian cities. It sells some of its merchandise through department stores in addition to its own shops. Its moleskin trousers, leather belts and casual shirts are particularly suitable for the rugged man out in the bush.

Laura Ashley has no plans to integrate Williams with its existing Australian retail outlets, but sees some scope to develop international sales, if the bid is successful.

Operating profits before tax were A$1.5m (£591,000) on turnover of A$14m for the year to June 30.

As well as shareholders' consent, Laura Ashley needs the approval of the Foreign Investment Review Board for a full bid. The Williams acquisition, if successful, will be the company's latest attempt to diversify away from its designer image and original shops. This year it opened a chain of Mother and Child nursery shops in the US and intends to expand its mail order business over the next two years.

In October, Willis & Geiger, a US safari outfitter, was acquired for £1.8m and Penhaligon's, a London perfumier, for £1m.

The company said last week that "there was a reasonable run up to Christmas, but it was not a bonanza Christmas."

COLLY FARMS COTTON (a company in which Bertam Holdings and Lendu Holdings each has an interest) has received official notification of a bid of A$1.86 per share and in absence of a higher cash offer would recommend acceptance. At current exchange rates, proceeds of the offer would amount to £2.2m for Bertam and £910,000 for Lendu.

Verson gets quote via Bronx takeover

By Richard Tomkins

The long-awaited stock market flotation of Verson International, a group of British engineering businesses put together by Texan entrepreneur Mr Tim Kelleher, is set to take place next month.

It will take the form of a readmission to listing of Bronx Engineering, the quoted company into which Mr Kelleher reversed his unquoted Verson in December 1986. Since then Bronx shares have been suspended.

Mr Kelleher had originally hoped to obtain a readmission to listing in mid-1987, but this was delayed by the Stock Exchange's insistence on the availability of audited accounts for a full five-year period.

Readmission of Bronx's shares is expected to be accompanied by a rights issue raising about £2m and a change of name to Verson.

Verson's policy is to buy depressed engineering businesses and reorganise them into profitable companies. Following the acquisition of Bronx, it has four manufacturing operations and an international marketing division.

Bronx was Verson's first quoted acquisition. The group bought the Darlaston, West Midlands-based Wilkins & Mitchell (Power Presses) from the receiver *in 1982, its ductile engineering* division in Bentley, West Midlands, from Glynwed in 1984, and AI Welders in Inverness from the International Thomson Organisation in 1985.

In the 14 months to January 1987, the group made pre-tax profits of £176,000 on turnover of £31m. It is likely to come to the market on a profits forecast for the year to January 1988.

Elf attacks Tricentrol over development funds

BY MAX WILKINSON

Elf Aquitaine, the French oil company, said yesterday that Tricentrol, the UK oil explorer for which it has launched a £135m bid, was too short of funds to develop independently.

The French company was replying to a defence document published by Tricentrol just before Christmas.

It said Tricentrol needed "very substantial external funds" to enable it to meet its development programme at a time when it was already heavily geared.

Elf said that Tricentrol's defence document did not discuss the availability of a £350m finance package which it said the British company had been seeking for many months.

"If this finance package were to be available, then in Elf's opinion, the underlying value of Tricentrol's assets is very substantially less than the 145p a share it has offered and is closer to the 80p per share at which the shares stood on November 10, 1987," it added.

"If the finance package proves not to be obtainable then Tricentrol will have little alternative but to make major asset disposals or a cash call."

"Given its shortage of funds, Tricentrol can afford neither to develop what it has nor to explore for the future", Elf said.

Majestic Wine issue

Majestic Wine has raised approximately £5.3m through an issue of ordinary shares. The money has been raised through a rights issue to shareholders and a placing of shares with Govett Strategic Investment Trust and certain directors of Majestic, all at 330p per share.

On August 17 it was announced that Majestic Wine Corporation of the US, in which Majestic has a 52½ per cent interest, has completed the acquisition of the Liquor Barn division of Safeway Stores for a consideration in excess of $100m. The $5m cost of Majestic's investment in the US Majestic was financed at the time out of a £5m loan from Govett; the balance of the loan was used to finance working capital for the UK business. The proceeds of the share issue will be used principally to repay this loan.

Anglo Nordic passes pref.

BY CLAY HARRIS

Anglo Nordic Holdings, the diesel generator manufacturer, is to withhold the dividend on its cumulative preference shares because of disappointing trading results.

The decision implies that the company will report an after-tax loss of at least £1.4m for the nine months to December 31, its current financial period.

Anglo Nordic reported a pre-tax profit of £312,000 on sales of £69.4m in the year to March 31 1987. The switch to a calendar financial year will deprive the current results of the peak cash-inflow months of January and February.

Net borrowings are believed to have risen to £20m in the current nine months from £17m at March 31.

More than 75 per cent of Anglo Nordic's ordinary shares are owned by F.L. Smidth, the Danish engineering group. Although the London quotation has been retained to enable the company to make acquisitions with shares, a full bid by Smidth to take it private cannot be ruled out.

One asset with considerable potential because of the Channel Tunnel is its Petbow Holdings subsidiary's 500,000 sq ft factory site at Sandwich, Kent.

The payment of the preference dividend, due on January 1, would have required the outlay of less than £85,000, including tax credit. By deciding to pass, directors have signalled that the company does not have sufficient distributable reserves.

Atlantic Computers sees possible GEC tie-up

Atlantic Computers, the computer leasing group, yesterday said it was in discussions with the **General Electric Company** which could lead to GEC taking a stake in Summit, an Atlantic financial and property services subsidiary.

Summit provides operating lease finance for capital projects. Atlantic said the object of any deal with GEC would be to provide marketing opportunities for GEC equipment backed by financial packages arranged through Summit.

Atlantic acquired Summit as a result of its £138m takeover of fellow computer lessor Comcap in May. At present Summit's equity is owned 75 per cent by Atlantic and 25 per cent by its joint managing directors.

The present negotiations are intended to lead to GEC taking an equity investment in Summit. Atlantic said negotiations on the terms of the deal were still in progress and an announcement would be made as soon as they were complete.

Thermal Scientific purchase

Thermal Scientific, the high technology laboratory and industrial equipment group, has bought Dartec, a manufacturer of destructive materials testing equipment, for £2.49m.

Dartec is based near Stourbridge, in the West Midlands, and its customers include the aerospace, transport and metal industries, and universities. It produced pre-tax profits in 1986 of £324,000 on sales of £2.78m.

Thermal Scientific, which has just moved from the USM to the main market, has been expanding rapidly through acquisition and this is its 16th purchase since it joined the junior market in 1983.

Thermal said management accounts showed Dartec would achieve satisfactory growth in 1987 and the vendors had warranted net tangible assets at December 31 of not less than £975,000. It is paying an initial £2.24m in cash and shares, with a deferred payment of £250,000 at the end of next year.

TRENCHERWOOD COMMERCIAL, subsidiary of Berkshire-based developer Trencherwood, has concluded the forward sale of Horizon West, Newbury, comprising 128,000 sq ft of business units. The sale is to Sun Life Assurance of Canada. The estimated investment value of the hi-tech scheme, on which work will commence in January, is £10m.

Wellington ahead

Higher fee income and continuation of overheads control helped Wellington Underwriting Holdings to reveal taxable profits of £1.15m, up from £173,736, on turnover of £3.27m (£1.83m) in the year to end-September.

Mr John Prentice, chairman, said the higher fee income was due to the expansion of the group's syndicates during the year.

A maiden dividend of 5p is proposed.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims: Radiant Metal Finishing, Stavert Zigomala

Final: North British Steel

FUTURE DATES

Interims-	
Abbey	Jan 7
Bespak	Jan 13
Finals-	
Allied Textile	Jan 20
Body Shop International	Jan 11
Television South	Jan 12

COMMODITIES AND AGRICULTURE

US commodity watchdog probes copper situation

BY DEBORAH HARGREAVES IN CHICAGO

THE US Commodity Futures Trading Commission is looking closely at the copper market in view of recent high prices and low supplies.

Copper stocks at New York's Commodity Exchange (Comex) have plummeted from over 65,000 tons in July to below 25,000 tons as prices have almost doubled to $1.39 per lb.

The problem the Commission says it is examining "intensively" is whether there is enough physical copper around for everyone wanting to take delivery of futures contracts.

For several months the Comex market has been in backwardation – an abnormal situation where spot prices are higher than forward positions – making it difficult to use for hedging. Total open interest in Comex copper has dropped off to around 40,000 lots – under half its level in July.

This situation arose after demand picked up from copper fabricators, many of which report full order books. US supply has been kept tight by production shortfalls at a number of North American smelters.

Canada's Noranda has delayed some shipments until February, because of production shortfalls at one of its smelters and a rail strike. The company's refined copper output is down by about 50,000 tons from projected levels, making January look like being a very tight month for US copper users.

Mr John Gross, president of metals consulting firm J. E. Gross and Associates, is guessing the copper price will peak at more than $1.50 a lb in January-February and start to drop off once Noranda gets back on track.

The Commission says it is looking at both the New York and London markets to monitor availability of copper and cash supply. This type of surveillance is often conducted behind the scenes, the agency said, but it is currently intensified for copper.

The monitoring involves, looking at traders in the market and their daily position changes as well as conversations about their intentions. The Commission says the only time it would make a public announcement about any recommendations it might have is if there was an emergency in the market.

It is not aware of any manipulation in the copper market and expects December contracts to expire smoothly on Tuesday.

Mr Gross points out that many traders are sitting back and waiting for delivery, but buying has not been coming from any one direction.

● Mr John Wolff, vice-chairman of the Board of the London Metal Exchange, said last night that the LME constantly monitored the situation of all metals and was sure that all copper contracts would be fulfilled, **writes Kenneth Gooding.**

"It is still possible to trade both ways in copper with considerable ease", he pointed out. The relatively high price and continuous backwardation (the premium for cash metal over the forward price) during the past few months reflected the extreme shortage of copper, said Mr Wolff.

The price was likely to be volatile for some time because of the tightness of supply.

Mr Wolff insisted the supply squeeze was not being caused by manipulation by some big speculators but was entirely due to an unexpected increase in demand this year following a recession in the copper industry.

"The consuming world has learned to live with low stocks and the pick-up in demand has caught everybody off-balance", he added.

LME WAREHOUSE STOCKS
(Change during week ended last Friday)
tonnes

Aluminium standard	–875	to 35,550
Aluminium high grade	–6,875	to 48,425
Copper	+175	to 39,175
Lead	+150	to 18,750
Nickel	+1,236	to 4,092
Zinc	unch'd	at 28,925
Tin	–35	to 19,435
Silver (oz).	unchanged	at 19,868,000

Saudis sell wheat to Soviet Union

By Finn Barre in Riyadh

A 50,000 tonnes wheat sale to the Soviet Union by anti-communist Saudi Arabia underlines the kingdom's determination to sell its excess wheat production abroad before the harvest comes in during March.

The Saudis will harvest more than 2.3m tonnes of wheat, although domestic consumption is only 800,000 to 900,000 tonnes a year. The government grain silos and flour mills can only store so much wheat at a time, although it has been expanding silo capacity.

Local arabic newspapers said the kingdom has also sold 300,000 tonnes of wheat to China. Earlier, the Saudi press agency had boasted about sales of 100,000 tonnes of wheat to Europe while the EC had an unsold surplus of 8m tonnes.

Saudi efforts to market excess wheat production propelled it into the position of the world's sixth largest wheat exporter in 1986. Figures for its 1987 export sales are not yet available.

The Saudis now produce 2.3m tonnes of wheat a year at a cost to the Government of $533 a tonne. Other subsidies for water, land, electricity, diesel fuel, and cheap loans raise the cost higher.

Rumours are rife in the capital that for the next budget the Government will try to cut the subsidy by 25 per cent. Otherwise, the Government will continue to sell its wheat to foreigners for propaganda value, but great financial loss,

An interesting aspect of the sale to the Soviet Union is the increased trade between the Saudis and the Eastern bloc. Rumanian-built Dacia cars are now being sold in the staunchly Islamic anti-communist capital of Riyadh, where they undercut Korean cars by by 20 per cent.

Soviet-made china has been spotted on some store shelves, while a wide variety of goods from the Peoples Republic of China, such as food and textiles, can be purchased.

Other sales, such as 300,000 tonnes of urea fertiliser to China indicate the growing importance of the Eastern bloc to the kingdom.

Cameroun coffee output up 46%

CAMEROUN coffee production rose by 46.88 per cent in 1986/87 to 142,698 tonnes from 97,151 in the previous year, according to Mr Joseph Tsanga Abanda, the Trade and Industry Minister, **reports Reuter from Yaounde.**

At a meeting of coffee producer representatives ahead of the new marketing year Mr Tsanga said by December 1, more than 120,000 tonnes of robusta and 21,800 of arabica had been bought from producers.

Export control figures show that 67 per cent of robusta and 84 per cent of arabica was good quality.

David Blackwell on an ambitious fish farming project

Halibut promises rich harvest

BRITAIN'S FISHERMEN landed only 100 tonnes of halibut last year – a dramatic decline from the 3,000 tonnes landed in 1963. But the nation's increasing fish —eating public could soon find supplies much more plentiful, if an ambitious project now underway in Scotland succeeds.

Researchers at the Sea Fish Industry Authority's Marine Farming Unit in Ardtoe, Argyll, believe that halibut is a promising species for farming in the UK. They have just completed a £40,000 unit to house the broodstock of 65 fish from which they hope to start an industry to match the success of salmon farming.

On the face of it the five 10cm long baby halibut reared earlier this year look an unpromising start, and it seems hard to believe that they could ever reach the size of the broodstock fish – over 1.5 metres long and nearly as wide.

The statistics show the great difficulty experienced in getting the fish through the early stages of life. Out of 70,000 eggs 20,000 larvae were produced, but only 150 reached the point of feeding, and only 18 metamorphosed into fish.

The five survivors are the result of a surprising discovery, as Mr John Dye, a senior research and development officer, explained. "We found halibut to be a warm water larva, when everyone had assumed them to be a cold water larva."

The researchers found that by increasing the water temperature to 15 degrees Centigrade the newly hatched larvae started feeding, and an increase to 17 degrees improved the feeding further.

In the wild adult halibut, known in Scandinavia as the King of the Sea, live in deep, cold northern waters and can reach 2.5 metres in length, weighing up to 700 lbs. But little is known about their breeding habits – except that the only place young halibut have been found is at Faxa Bay in southern Iceland. Scientists now believe that may be because volcanic activity warms those waters.

Although the Norwegians have already reared halibut artificially using highly complicated procedures, the Ardtoe researchers believe their warm water breakthrough has greatly increased the chances of halibut farming becoming practical. They are also convinced that too much sunlight harms the adult fish – hence the £40,000 housing unit, which is roofed.

The technique of "stripping" a female fish of eggs and a male of its milt is being practised successfully at Ardtoe with turbot. The fish, which are known to the staff by names like Spot and Buckie, are used to being lifted from their tanks. They remain utterly unflustered as they are massaged until they release their eggs or milt into containers. The whole operation is reminiscent of a pre-war dairy farm.

Unfortunately, turbot need warmer waters than the UK's to grow in. With the exception of one UK farm which uses waters warmed by a nuclear power station's waste heat, the larvae and juvenile fish are sold to farms abroad. Last year Ardtoe earned £30,000 from the sale of 3m larvae and 50,000 juvenile fish.

Much of the research at Ardtoe is aimed at the successful feeding of the artificially hatched larvae so that they metamorphose into fish. The station has already evolved a feeding programme for halibut larvae.

Halibut is a high-value fish – worth about £4 a lb – and has a good texture and flavour, said Mr Malcolm Gillespie, the Ardtoe manager. It also grows fast, and farmed fish are reckoned to have a growth rate between 50 and 100 per cent better than wild stock. By next April he hopes that the five survivors of the initial project could be 25 cms long. At that rate the fish could be harvested at four years old.

"There is a ready-made market if we can come up with the goods," said Mr Gillespie. His faith in the project is strengthened by the fact that commercial interests have already joined together to back it. Three local authorities and 19 fish farming companies have formed the British Halibut Association, each putting £3,000 into the research.

In time he believes halibut could match the salmon farming industry, which can be seen dotted around the Scottish lochs. Last year the UK produced 10,000 tonnes of farmed salmon with revenues of £40m. This year an estimated 15,000 tonnes will be harvested.

Indeed, fears among salmon farmers that prices could fall if production continues to grow at present levels have helped to spur the search for an alternative fish to farm in the UK. There is also the worry that too much reliance is being placed on one stock in the face of the ever present threat of disease.

"They are well aware that the salmon bubble could burst," said Mr Dye. "They've got all their eggs in one basket, and no potential profit alternative.

"The infrastructure is there – we must increase the species."

An Ardtoe researcher with one of the broodstock

Poor year for Brazilian cocoa

BY RIK TURNER IN SAO PAULO

THE MID-December request by the Correa Ribeiro group, a leading Brazilian cocoa bean exporter, for court protection from its creditors is graphic evidence of the poor year the sector has had in 1987.

Indeed, the country's cocoa complex was caught in the worst possible combination of conditions this year, for while Brazil had its lowest crop since 1981-82, bringing in just 4.5m bags (60 kgs each) split between a temporao or mid-crop (May-September) of 1.54m bags and a main crop (October-April) of no more than 3m, a lot of other producing countries had bumper crops, with the new result that the Brazilians had little product to offer and got very low prices for it.

Correa Ribeiro is not alone in its troubles this year: among the three biggest manufacturers of cocoa products such as butter and liquor, only Joanes Industrial, the number two, is said to be in a relatively comfortable position, thanks to the acquisition of its UK owner, Gill & Duffus, by Dalgety.

Chadler, the number three, spent much of November negotiating its acquisition by Jacob Suchard, the Swiss chocolate maker, in a deal which did not go through only because the Chadler's plant is badly located, in the Bahian state capital of Salvador instead of further south in the port of Ilheus, in the heart of the country's cocoa region.

The largest of the three, Barreto de Araujo, is involved in an administrative reshuffle, seeking to shed plants in other sectors such as its paper mill, to protect operations in cocoa, its core business.

The poor crop was caused by bad weather at the beginning of the year, and followed a bumper 1986-87 crop of 6.62m bags.

Hard times

It was to be expected that the crop would come in small, but it ended up being even smaller than expected, and this together with abysmally low world prices, unsupported by any international agreement that would trigger buying by a buffer stock, has brought hard times to the cocoa-producing region of Bahia, responsible for most of the country's output. The daily rate paid to farm labour in the region has dropped dramatically in the past year, a clear indication that supply is outweighing demand.

Furthermore, there is little sign of the clouds lifting. On the international front, the ICCO talks broke down earlier this month and will resume only in the New Year. On the home front, meanwhile, large-scale harvesting is now over, which means that the availability of uncommitted cocoa has led to the point that prices on the farm are well above international levels. There will little relief from this situation until May, or even June, because the temporao crop will definitely not come in early this year.

The reason for this is that the August-October period, when the first part of the temporaq is going through its flowering and pod setting stages, was very dry this year, and a lot of produce was lost as a result.

The end of the year has been rainy in Bahia, on the other hand, which promises good things for the mid-crop later on, and some traders thought it might even be a bumper one of up to 3m bags, up around the 2.77m achieved in the 1986 temporao. They add, however, that a late temporao is always a risky one, because it is more prone to the wet Bahian winter, leading to the devastating black pod disease.

Mr Joao Arthur Pereira de Melo, a cocoa trader and consultant in Salvador, said the real negative effect of this year's poor returns will be a drop in farm maintenance.

"In the long term, low international prices discourage farmers from buying fertilisers and copper (for coating the pods), two essential aspects of cocoa production," he stated.

Deer numbers causing concern

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

BOTH WILD and reared deer are on the increase in Scotland, according to two censuses published this month. But while the Government is likely to be pleased about the increase in farmed deer, the official Red Deer Commission is concerned about the rise in numbers of wild red deer.

A census of the burgeoning deer farming business suggests that it is poised for considerable expansion. About 12,250 deer are already being farmed on 56 establishments covering 7,460 hectares in Scotland.

The expansionary trend can be seen from the fact that most of the deer sold for breeding were females, while most of those sold for feeding and for slaughter were males.

Scottish deer farms supply stags and hinds to newly established deer farms in Scotland and elsewhere in the UK.

Wild deer of the same red deer species as the farmed variety are also expanding, according to the Red Deer Commission, which has the task of both conserving and controlling deer.

The Commission's latest assessment based on censuses shows that deer numbers have risen by 35,000 since 1979, of which 83,000 are stags, 156,000 are hinds and 51,000 are calves.

The Commission says in its 1986 annual report that it is concerned not only with the size of the population but with the imbalance between males and females.

The fall in stag numbers – by 2,000 since 1979 – does not only mean that the sporting potential, and hence rural employment, may be reduced. The swelling population of hinds means that the stags are pushed out to the perimeter of their range where many are shot as marauders on crofts, farms or in commercial forests.

The existence of too many deer, the Commission says, puts unacceptable pressure on other land users such as farmers and foresters. It says that the problem will have to be faced by estates and managers if the introduction of more rigorous means of control is to be avoided.

The Red Deer Commission recommends that estates cull one sixth of their deer population each year to keep the population in check. But estates normally fail to meet this target, especially in the culling of hinds which have less sporting value.

Apart from the failure of estates to keep their deer populations under control, the increase in the deer population is thought to be mainly due to a succession of relatively mild winters in the Highlands. Deer depend heavily on their winter feeding grounds and there has been no really severe winter for 12 years.

Red Deer Commission Annual Report 1986. From HMSO, £4.10.

China tries to boost cotton output

CHINA IS again offering farmers incentives to boost flagging cotton production and help end widespread shortages, the Farmers Daily said, **reports Reuter from Peking.**

Starting next month, for each 50 kgs of cotton sold to the state farmers will get a coupon enabling them to buy 35 kgs of fertiliser at cheap state prices.

Officials must ensure that farmers who are eligible for cheap fertiliser actually receive it, the paper added.

Offences such as hoarding, smuggling or private trading in fertiliser must be severely punished, it said.

These abuses, especially by rural officials who take advantage of fertiliser shortages, have been reported frequently.

Cotton output for this year is officially estimated at 3.90m tonnes, up from 3.54m in 1986.

WORLD COMMODITIES PRICES

LONDON MARKETS

NICKEL prices declined sharply on the London Metal Exchange yesterday, with currency factors pushing the three-month contract down to £4,707.50 a tonne – a fall of £97.50 a tonne from last Thursday's close. However, in dollar terms the price was slightly up at $3.955 a lb. In morning pre-market trading the metal briefly touched a high of $4.10 a lb, but profit-taking and news that LME warehouse stocks had risen by 1,236 tonnes soon pulled prices down. However, further strength is expected to be injected by follow-through demand from the stainless steel industries in Japan, Europe and the U.S. during the first quarter of 1988, analysts said. Trading in other metals was also quiet, and mainly affected by the weakness of the dollar. Cocoa prices were also depressed by currency factors, although the bearish sentiment was strengthened by waning confidence that an emergency International Cocoa Organisation meeting would be held in January.

SPOT MARKETS

Crude oil (per barrel FOB January)		+ or -
Dubai	$15.15-5.25y	+0.075
Brent Blend	$17.80-18.10	+0.40
W.T.I.(1 pm est)	$16.85-6.90y	+0.20
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$163-166	
Gas Oil	$153-156	-3
Heavy Fuel Oil	$77-78	-4
Naphtha	$141-143	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$486.75	
Silver (per troy oz)♣	674c	
Platinum (per troy oz)	$512.75	
Palladium (per troy oz)	$127.50	
Aluminium (free market)	$2005	
Copper (US Producer)	137¾-40¾c	
Lead (US Producer)	42c	
Nickel (free market)	410c	
Tin (European free market)	£3760	
Tin (Kuala Lumpur market)	17.02r	
Tin (New York)	320.50c	
Zinc (Euro. Prod. Price)	$860	
Zinc (US Prime Western)	44.375c	
Cattle (live weight)†	104.46p	-0.96*
Sheep (dead weight)†	194.29p	+0.12*
Pigs (live weight)†	72.89p	+2.86*
London daily sugar (raw)	$239.80v	+3.80
London daily sugar (white)	$240.50v	+2.50
Tate and Lyle export price	£235.50	
Barley (English feed)	n/a	
Maize (US No. 3 yellow)	£135.00	
Wheat (US Dark Northern)	£90.25u	
Rubber (spot)♥	62.25p	
Rubber (Feb) ♥	64.25p	
Rubber (Mar) ♥	64.00p	
Rubber (KL RSS No 1 Jan)	272.50m	
Coconut oil (Philippines)§	$580w	
Palm Oil (Malaysian)§	$495z	
Copra (Philippines)§	$375z	
Soyabeans (US)	$183z	
Cotton "A" Index	75.05c	+0.40
Wooltops (64s Super)	484p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Dec/Jan. v-Jan/Feb. z-Jan y-Feb. u-Apr/May † Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. § CIF Rotterdam ♣ Bullion market close. m-Malaysian/Singapore cents/kg

COCOA £/tonne

	Close	Previous	High/Low	
Dec	1024	1045	1025	1010
Mar	1048	1064	1055	1045
May	1067	1083	1074	1066
Jly	1086	1102	1090	1085
Sep	1105	1121	1108	1103
Dec	1129	1145	1131	1126
Mar	1154	1170	1158	1152

Turnover: 1603 (3834) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for December 29: 1344.56 (1348.34) .10 day average for December 30: 1360.66 (1361.63).

COFFEE £/tonne

	Close	Previous	High/Low	
Jan	1202	1219	1207	1195
Mar	1233	1248	1239	1224
May	1250	1264	1251	1243
Jly	1270	1284	1269	1262
Sep	1290	1303	1286	1282
Nov	1305	1318	1305	1305
Jan	1327	1339		

Turnover: 2477 (1040) lots of 5 tonnes
ICO indicator prices (US cents per pound) for December 28: Comp. daily 1979 116.18 (115.33): 15 day average 115.22 (115.16).

SUGAR $ per tonne

Raw	Close	Previous	High/Low	
Mar	207.60	207.80	211.40	198.80
May	207.80	206.60	209.80	206.00
Aug	206.80	206.00	210.00	185.80
Oct	207.00	206.40	210.00	196.80
Dec	208.00	208.00	207.60	207.40
Mar	212.00	212.00		
May	212.80	214.00		
White	**Close**	**Previous**	**High/Low**	
Mar	245.00	242.00	245.00	241.00
May	247.00	246.00	248.00	245.00
Aug	255.00	250.00	252.00	249.00
Oct	251.00	250.00	254.40	248.00
Dec	251.00	251.00	252.50	252.50
Mar	256.00	255.00		
May	260.00	256.00		

Turnover: Raw 3207 (1278) lots of 50 tonnes; White 1456 (1181).
Paris- White (FFr per tonne): Mar 1317, May 1335, Aug 1367, Oct 1367, Dec 1375, Mar 1400.

GAS OIL $/tonne

	Close	Previous	High/Low	
Jan	151.25	150.75	151.50	148.00
Feb	146.50	146.00	146.75	144.00
Mar	141.50	140.75	141.50	138.75
Apr	137.50	136.00	138.50	135.75
May	137.50	135.00		
Jun	136.50	138.00		

Turnover: 2482 (n/a) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Jan	113.15	113.40	113.40	113.15
Mar	114.80	114.80	114.80	114.80
May	117.15	117.10	117.15	117.00
Jly	119.60	119.60	119.60	119.60
Sep	103.55	103.55	103.55	103.55
Nov	105.55	105.55	105.55	105.55
Jan	108.30	108.30	108.30	108.30
Barley	**Close**	**Previous**	**High/Low**	
Jan	106.70	106.60	107.00	106.60
Mar	108.85	108.90	109.20	108.85
May	110.30	110.40	110.60	110.30
Sep	98.10	98.10	98.10	98.10
Nov	100.50	100.50	100.50	100.50
Jan	102.60	102.60	102.60	102.60

Turnover: Wheat 43 (n/a) . Barley 34 (n/a) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	1990-2010	1980-90		2000-10		
3 months	1885-1900	1865-75		1880-90	1890-910	3,952 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 14,550 tonne
Cash	1068-72	1075-7		1066-7		
3 months	1003-5	1007-8	1008/997	997-8	1005-6	51,006 lots
Copper, Grade A (£ per tonne)						Ring turnover 42,800 tonne
Cash	1705-10	1705-10	1720/1705	1710-20		
3 months	1446-7	1453-5	1478/1430	1464-6	1451-2	76,274 lots
Copper, Standard (£ per tonne)						Ring turnover 255 tonne
Cash	1500-10	1525-50	1500	1500-10		
3 months	1435-40	1420-5		1435-40		42 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	672-5	670-2		680-3		
3 months	685-8	684-6		693-6	685-90	658 lots
Lead (£ per tonne)						Ring turnover 4,975 tonne
Cash	361-2	372-4	364	363-4		
3 months	345.5-6	356-7	356/346	348-8.5	346-8	12,159 lots
Nickel (£ per tonne)						Ring turnover 1,690 tonne
Cash	4965-85	5070-80		4900-20		
3 months	4705-10	4800-10	4740/4680	4860-70	4740-50	9,344 lots
Zinc (£ per tonne)						Ring turnover 6,675 tonne
Cash	474-7	483-4	472/469	488-9		
3 months	468-9	471-2	470/467	467-8	468-9	12,744 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Feb	100.3	97.0		
Mar	87.0	85.1		
Apr	145.0	144.7	145.5	145.8
May	158.5	158.2		
Nov	87.5	85.0		
Feb	96.0	92.0		

Turnover: 16 (n/a) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Feb	140.00	142.00	
Apr	136.00	136.00	
Jun	128.00	127.00	
Aug	120.00	122.00	
Oct	119.50	121.50	
Dec	123.00	125.00	

Turnover: 0 (0) lots of 100 tonnes.

FREIGHT FUTURES £/index point

	Close	Previous	High/Low	
Jan	1289.0	1288.5	1292.0	1285.0
Apr	1315.0	1302.0	1315.0	1310.0
Jly	1156.0	1157.5	1156.0	1155.5
Oct	1265.0	1255.0	1265.0	1265.0
BFI	1261.5	1262.5		

Turnover: 178 (n/a)

JUTE
The market was firmer following last weeks rise in E.P.C. prices. December/January c and f Dundee BTC $575, BWC $565, BTD $500, BWD $490; c and f Antwerp BTC $550, BWC $540, BWD $485, BTD $495.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	486½-487	261¾-262¼
Opening	488¼-488¾	261½-262
Morning fix	488.55	262.395
Afternoon fix	485.70	261.621
Day's high	490¼-490¾	
Day's low	485-485½	
Coins	**$ price**	**£ equivalent**
US Eagle	501-506	269½-272½
Mapleleaf	501-506	269½-272½
Britannia	501-506	269½-272½
Krugerrand	485¼-488¼	261-263
1/2 Krug	254-263	136½-141¼
1/4 Krug	126-134	67¾-72
Angel	503-508	270¼-272¾
1/10 Angel	50-55	26¾-29½
New Sov.	114½-115½	61½-62¼
Old Sov.	114½-116	61½-62½
Noble Plat	529-539	284.15-289.5

Silver fix	p/fine oz	US cts equiv
Spot	364.80	681.00
3 months	372.85	694.10
6 months	380.95	707.35
12 months	397.50	734.15

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1850	156	109	86	148
1900	130	90	112	178
1950	107	74	139	210
Aluminium (99.5%)	**Calls**		**Puts**	
1800	145	119	61	109
1850	117	97	82	136
1900	93	79	107	166
Copper (Grade A)	**Calls**		**Puts**	
2550	384	331	180	420
2700	308	278	261	513
2850	244		316	

US MARKETS

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	486.1	487.7	489.7	485.0
Jan	486.2	487.8	488.8	486.8
Feb	489.4	491.1	493.5	487.9
Apr	495.4	497.2	499.5	494.0
Jun	501.2	503.1	505.0	501.0
Aug	507.3	509.2	508.6	508.6
Oct	513.7	515.7	0	0
Dec	520.1	522.2	525.5	519.0
Feb	526.7	528.9	526.0	525.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	510.4	514.8	518.0	509.0
Apr	517.9	522.5	525.0	516.5
Jul	525.4	530.2	532.5	524.5
Oct	533.4	538.2	0	0
Jan	541.4	546.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Dec	671.3	684.2	684.0	674.0
Jan	671.5	684.5	681.5	681.5
Feb	676.3	689.5	0	0
Mar	681.0	694.5	696.0	677.0
May	690.7	704.2	703.5	687.0
Jul	700.2	713.9	717.0	699.0
Sep	709.7	723.5	714.5	713.0
Dec	725.2	739.0	731.0	724.0
Jan	730.0	743.8	0	0
Mar	740.6	754.4	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	136.35	137.10	141.00	133.00
Jan	136.35	134.10	140.00	138.00
Feb	129.65	127.40	0	0
Mar	123.00	120.60	123.40	121.90
May	106.00	104.10	106.10	104.80
Jul	94.00	91.60	94.15	92.00
Sep	90.20	87.60	90.20	88.80
Dec	88.50	85.90	88.50	86.50
Jan	88.20	85.60	0	0
Mar	87.50	84.90	88.00	87.60

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Feb	16.97	16.42	17.01	16.55
Mar	16.82	16.33	16.85	16.45
Apr	16.71	16.26	16.74	16.36
May	16.62	16.22	16.66	16.31
Jun	16.56	16.19	16.57	16.28
Jul	16.50	16.16	16.52	16.25
Aug	16.38	16.13	16.38	16.21
Sep	16.34	16.10	16.34	16.34
Oct	16.20	16.07	0	0
Nov	16.20	16.04	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Jan	51.80	51.13	52.10	51.40
Feb	50.45	49.58	50.80	49.75
Mar	48.25	47.06	48.40	47.30
Apr	46.15	44.81	46.20	45.14
May	44.90	43.61	44.90	43.95
Jun	44.25	42.86	44.25	43.30

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1791	1797	1796	1786
May	1814	1818	1818	1814
Jul	1842	1846	1844	1842
Sep	1875	1875	1875	1875
Dec	1912	1918	1913	1911
Mar	1940	1943	0	0
May	1964	1967	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	130.20	130.91	130.75	130.20
May	132.45	133.25	132.90	132.40
Jul	134.63	135.00	134.75	134.30
Sep	136.25	136.75	136.25	136.25
Dec	137.63	138.50	0	0
Mar	139.25	138.00	139.00	139.00
May	139.75	139.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	9.28	9.28	0	0
Mar	9.28	9.39	9.40	9.19
May	9.25	9.37	9.36	9.19
Jul	9.23	9.40	9.36	9.20
Oct	9.25	9.39	9.35	9.20
Jan	9.38	9.50	0	0
Mar	9.51	9.59	9.61	9.50

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	68.52	69.60	69.15	67.80
May	69.20	70.15	69.80	68.55
Jul	69.40	70.60	70.15	69.25
Oct	65.60	66.25	66.25	65.35
Dec	64.70	65.25	65.15	64.35
Mar	65.90	66.45	0	0
May	66.30	66.75	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	166.50	167.75	168.00	166.50
Mar	168.80	170.65	170.80	168.70
May	169.85	171.40	171.05	169.50
Jul	169.70	171.25	169.70	169.70
Sep	169.50	170.95	169.50	169.50
Nov	160.70	161.70	161.65	160.70
Jan	158.85	159.95	0	0
Mar	159.05	159.95	0	0
May	159.05	159.95	0	0

Chicago

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	49.95	49.90	50.45	49.60
Mar	50.02	50.15	50.65	49.80
May	51.62	51.65	51.90	51.20
Jul	51.95	52.15	52.10	51.55

INDICES

REUTERS (Base: September 18 1931 = 100)				
	Dec 28	Dec 24	mnth ago	yr ago
	n/a	1759.6	1704.3	1643.7
DOW JONES (Base: December 31 1974 = 100)				
Spot	134.32	134.46	130.62	114.33
Futures	136.02	136.35	134.47	114.84

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	599/4	593/2	600/0	590/0
Mar	610/2	603/4	610/4	600/0
May	618/4	611/4	619/0	608/2
Jul	622/0	617/2	623/0	612/0
Aug	618/0	615/0	618/0	611/0
Sep	603/0	601/0	604/0	599/0
Nov	600/4	596/2	601/0	592/4
Jan	608/0	603/4	608/0	601/0
Mar	616/0	612/0	616/0	609/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	20.35	20.58	20.50	20.25
Mar	20.69	20.91	20.85	20.60
May	20.99	21.23	21.15	20.90
Jul	21.19	21.43	21.32	21.10
Aug	21.12	21.40	21.25	21.10
Sep	21.15	21.35	21.30	21.10
Oct	21.17	21.40	21.30	21.15
Dec	21.25	21.50	21.30	21.15

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	201.9	199.3	202.0	197.7
Mar	191.9	188.7	192.0	187.8
May	184.7	181.3	184.9	181.1
Jul	181.7	179.0	182.0	178.0
Aug	180.5	178.2	180.5	177.5
Sep	179.5	177.5	179.5	177.5
Oct	177.7	178.8	178.0	176.5
Dec	176.8	176.3	177.0	176.1
Jan	178.0	175.5	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	186/4	187/6	187/4	185/6
May	192/4	192/6	192/6	191/4
Jul	197/0	197/4	197/4	196/0
Sep	197/2	197/6	198/0	197/0
Dec	197/0	196/6	197/0	196/0
May	207/6	207/4	203/6	207/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	309/0	308/2	309/0	306/4
May	308/4	307/2	306/4	305/4
Jul	298/2	298/2	298/6	296/4
Sep	301/0	301/6	301/6	300/4
Dec	310/4	311/0	310/4	309/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	62.87	62.77	63.15	62.30
Apr	64.77	64.57	64.90	64.20
Jun	64.80	64.75	64.87	64.15
Aug	62.30	62.20	62.35	61.90
Oct	61.57	61.32	61.60	61.15
Dec	62.56	62.50	62.60	62.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	40.75	40.75	41.00	40.50
Apr	38.07	38.05	38.30	37.85
Jun	41.62	41.57	41.85	41.40
Jul	43.02	43.00	43.10	42.50
Aug	42.10	41.85	42.35	41.90
Oct	38.30	38.42	38.46	38.25
Dec	38.82	39.30	39.10	38.75

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar under pressure

CENTRAL BANK intervention, real and feared, provided a suitable prop for the dollar in very thin trading yesterday, after falling sharply in New York on Monday. The US unit finished above the day's record lows although dealers saw little to suggest that the downward trend would not be continued.

Dollar sentiment remained extremely bearish. Investors were still finding it difficult to hide their disappointment over last week's G7 statement on economic cooperation and currency stability. There seemed to be a lack of commitment on the part of the US authorities to halt the dollar's decline. The latter was seen as a politically acceptable alternative to introducing potentially unpopular domestic measures, in the run up to next year's Presidential election.

There were reports that the US Federal Reserve had intervened aggressively on Monday but intervention yesterday by European banks was only very modest. Commercial orders for $50m were sufficient to move rates, and with trading volume so thin, central bank intervention on any scale would have been easily detected, one dealer suggested. In addition this method of support was only sufficient to slow the decline and dealers stressed that buying by central banks would never be successful, on its own, in reversing dollar sentiment.

The dollar closed at DM1.5955, up from a low of DM1.5865 but little changed from DM1.5965 in New York on Monday. Against the yen it finished at Y123.45 from Y123.60 in New York. Elsewhere it closed at SFr1.2880 and FFr5.4025. On Bank of England figures, the dollar's exchange rate index fell from 93.1 to 91.8.

STERLING-Trading range against the dollar in 1987 is 1.8610 to 1.4710. November average 1.7770. Exchange rate index 75.6 against 75.9 at the opening and 75.6 last Thursday. The six months ago figure was 71.8.

Sterling retreated from its opening highs. Some dealers suggested that the pound remained a good alternative for dollar investors. But others were concerned that a deteriorating trade position would put the pound under pressure, particularly against the D-Mark and yen.

The pound closed in London at DM2.9700, down from DM2.9725 in New York and Y229.75 compared with Y230.0. Against the dollar it was virtually unchanged at $1.8610 from $1.8615. Elsewhere it closed at SFr2.3975 and FFr10.0550.

D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.5955. November average 1.6809. Exchange rate index 152.1 against 146.9 six months ago.

Intervention by the Bundesbank failed to prevent the dollar sinking to a record fixing in Frankfurt. The US unit was set at DM1.5906, down from DM1.6022 on Monday and the Bundesbank bought DM18.3m at the fixing.

Trading volume was thin ahead of the year end with many banks carrying square positions into next week. Nevertheless, traders were aware of the lack of confidence in the dollar after last week's disappointing response to the G7 statement, and saw little chance of the dollar avoiding a further downward correction.

JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 123.45 November average 135.90. Exchange rate index 244.5 against 218.3 six months ago.

Central bank intervention helped to slow the dollar's recent decline in Tokyo. However dealers remained convinced that the US unit would fall further. It closed at Y123.50 compared with Y123.60 in New York.

Support by the Bank of Japan and reports that the US Federal Reserve had made large dollar purchases helped to underpin the dollar in nervous trading.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Dec.29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1661	+1.67	+0.96	±1.5344
Danish Krone	7.85212	7.94781	+1.22	+0.51	±1.5404
German D-Mark	2.05853	2.06164	+0.15	-0.56	±1.0981
French Franc	6.90403	6.98799	+1.22	+0.51	±1.3674
Dutch Guilder	2.31943	2.32053	+0.05	-0.66	±1.5012
Irish Punt	0.768411	0.776877	+1.10	+0.39	±1.6684
Italian Lira	1483.58	1520.31	+2.48	+2.27	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Dec.29	Latest	Previous Close
£ Spot	1.8650-1.8660	1.8610-1.8620
1 month	0.10-0.07pm	0.07-0.05pm
3 months	0.45-0.41pm	0.44-0.41pm
12 months	2.30-2.15pm	2.20-2.10pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Dec.29	Previous
8.30	am	75.9	75.5
9.00	am	75.8	75.5
10.00	am	75.8	75.4
11.00	am	75.7	75.5
Noon		75.7	75.6
1.00	pm	75.7	—
2.00	pm	75.7	—
3.00	pm	75.5	—
4.00	pm	75.6	—

POUND SPOT- FORWARD AGAINST THE POUND

Dec 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8515-1.8675	1.8605-1.8615	0.08-0.05cpm	0.42	0.42-0.38pm	0.86
Canada	N/A	2.4270-2.4280	par-0.11cdis	-0.27	0.01dis-0.10pm	0.07
Netherlands	3.33¾-3.35¾	3.34¼-3.35¼	1⅛-1cpm	3.81	3⅞-3⅝pm	4.26
Belgium	62.00-62.33	62.00-62.10	12-5cpm	1.64	73-57pm	4.19
Denmark	N/A	11.43½-11.44½	⅛dis-1⅛orepm	0.46	⅝-2dis	-0.46
Ireland	1.1180-1.1250	1.1210-1.1220	0.30-0.03pm	0.70	0.15pm-par	0.13
W. Germany	2.96¼-2.97¾	2.96½-2.97½	1⅛-1pfpm	4.29	3⅜-3⅛pm	4.88
Portugal	N/A	244.65-245.65	121-205cdis	-7.98	340-499dis	-6.85
Spain	N/A	202.30-202.70	30-60cdis	-2.67	95-125dis	-2.17
Italy	2183-2195	2187½-2188½	4-7liredis	-3.02	13-20dis	-3.02
Norway	N/A	11.66½-11.67½	5½-6½oredis	-6.04	18-19⅛dis	-3.28
France	10.02-10.09½	10.05-10.06	⅛-1cdis	-0.75	1¼-2⅜dis	-0.72
Sweden	N/A	10.87¼-10.88¼	⅛dis-⅛orepm	0.07	⅝-1⅛dis	-0.37
Japan	229½-230¼	229¼-230¼	⅞-⅞ypm	4.23	2⅞-2⅜pm	4.23
Austria	N/A	20.87-20.90	8-6⅛gropm	4.17	23⅞-20⅝pm	4.21
Switzerland	2.38¾-2.40½	2.39¼-2.40¼	1-⅞cpm	4.69	3⅛-2⅞pm	5.01

Belgian rate is convertible francs. Financial franc 62.40-62.50. Six-month forward dollar 1.00-0.95cpm 12 month 2.05-1.95cpm

CURRENCY RATES

Dec.29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	-	N/A	0.694624
U.S Dollar	6½	1.40817	1.29443
Canadian $	8.75	N/A	1.68988
Austrian Sch.	3	N/A	14.5093
Belgian Franc	7	47.2054	43.1661
Danish Krone	7½	8.69897	7.94781
Deutsche Mark	2½	2.25637	2.06164
[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Dec 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8515-1.8675	1.8605-1.8615	0.08-0.05cpm	0.42	0.42-0.38pm	0.86
Ireland†	1.6620-1.6680	1.6660-1.6670	0.02dis-0.02cpm	0.15	0.30-0.20pm	0.61
Canada	1.3020-1.3060	1.3050-1.3060	0.06-0.09cdis	-0.69	0.29-0.32dis	-0.94
Netherlands	1.7875-1.8025	1.7975-1.7985	0.51-0.48cpm	3.31	1.43-1.40pm	3.16
Belgium	33.24-33.51	33.30-33.40	6.00-9.00cdis	-2.70	29.00-32.00dis	-3.66
Denmark	6.12¾-6.17	6.14¾-6.15	0.15-0.75oredis	-0.88	1.70-2.30dis	-1.30
W. Germany	1.5865-1.6020	1.5950-1.5960	0.56-0.53pfpm	4.11	1.67-1.62pm	4.13
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 33.50-33.60.

CURRENCY MOVEMENTS

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

OTHER CURRENCIES

Dec 29	£	$
[illegible]	[illegible]	[illegible]
Korea(Sth)	1468.95-1422.25	789.50-795.90
Kuwait	0.50550-0.50590	0.27165-0.27175
Luxembourg	62.00-62.10	33.30-33.40
Malaysia	4.6370-4.6485	2.4870-2.4920
Mexico	4080.10-4195.70	2200.00-2260.00
N. Zealand	2.8135-2.8185	1.5170-1.5195
Saudi Ar.	6.9775-6.9835	3.7495-3.7505
Singapore	3.7150-3.7260	1.9960-2.0000
S. Af (Cm)	3.5715-3.5870	1.9195-1.9230
S. Af (Fn)	5.6995-5.7180	3.1300-3.1400
Taiwan	53.05-53.30	28.50-28.60
U.A.E.	6.8345-6.8400	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

A mood of nervous uncertainty

TRADING IN financial futures reflected the general mood of nervousness surrounding the dollar and equity markets yesterday.

Although movements were in line with the loss of confidence in the dollar, trading was thin and it was hard to gauge the extent of the market's concern.

There was a general reluctance to hold dollar denominated contracts, on doubts about Federal Reserve monetary policy and fear the US is not prepared to take strong enough measures to support the dollar.

The Fed's add of liquidity to the banking system, after the Liffe close, was widely expected and regarded as technical.

March US Treasury bond futures opened very weak at 87-24 on Liffe, but this was the day's low, and the contract recovered a little ground, as the dollar stabilised on central bank intervention.

Confidence was also boosted by a steady opening to trading on US credit markets, although it was noted that trading in Chicago futures and New York cash markets was also thin. The main falls in US markets happened on Monday, in reaction to the falling dollar, when London was still closed for Christmas.

March US bonds rose to a peak of 88-14 on Liffe yesterday, before closing at 88-11, compared with 89-01 on Christmas Eve.

December FTSE 100 index futures also fell sharply at the London opening, as the cash index opened 78.4 lower at 1712.7, indicating that 4.3 p.c. had been wiped off share values.

The contract opened at 170.00, but this was also the day's low, with December delivery recovering a little to close at the day's peak of 173.20.

March long term gilt futures opened at 120-00 on Liffe, but the initial enthusiasm soon ran its course, and after touching 120-02 the contract fell back to finish near the day's low at 119-11.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-Last Mar	Calls-Last Jun	Puts-Last Mar	Puts-Last Jun
116	4.07	5.11	0.49	1.61
118	2.47	3.63	1.25	2.49
120	1.45	3.00	2.23	3.59
122	1.01	2.12	3.43	4.62
124	0.37	1.36	5.15	6.22
126	0.19	1.05	6.61	7.55
128	0.11	0.46	8.53	9.32
130	0.05	0.30	10.47	11.16

Estimated volume total, Calls 1870 Puts 1015
Previous day's open int: Calls 28074 Puts 14716

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-Last Mar	Calls-Last Jun	Puts-Last Mar	Puts-Last Jun
82	6.52	6.43	0.30	1.11
84	5.10	5.18	0.52	1.50
86	3.29	4.05	1.07	2.37
88	2.18	3.04	1.60	3.36
90	1.31	2.16	3.09	4.48
92	0.59	1.38	4.37	6.06
94	0.33	1.07	6.11	7.39
96	0.17	-	7.59	-

Estimated volume total, Calls 40 Puts 0
Previous day's open int: Calls 839 Puts 772

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Jan	Calls-Last Feb	Puts-Last Jan	Puts-Last Feb
15000	24.56	25.65	0.26	1.35
15250	-	-	-	-
15500	19.92	21.51	0.62	2.21
15750	-	-	-	-
16000	15.59	17.72	1.29	3.42
16250	-	-	-	-
16500	11.73	14.32	2.43	5.02
16750	-	-	-	-

Estimated volume total, Calls N/A Puts N/A
Previous day's open int: Calls N/A Puts N/A

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-Last Jan	Feb	Mar	Jun	Puts-Last Jan	Feb	Mar	Jun
1.65	20.87	20.87	20.87	20.87	0.00	0.01	0.09	0.57
1.70	15.87	15.87	15.87	16.15	0.00	0.08	0.32	1.20
1.75	10.87	11.05	11.45	12.22	0.03	0.37	0.90	2.27
1.80	6.14	6.90	7.63	8.85	0.34	1.22	2.08	3.90
1.85	2.52	3.72	4.64	6.11	1.72	3.04	4.09	6.16
1.90	0.65	1.68	2.54	4.02	4.85	6.00	6.99	9.07
1.95	0.10	0.62	1.25	-	9.30	9.94	10.70	-

Estimated volume total, Calls 0 Puts 0
Previous day's open int: Calls 353 Puts 429

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls-Last Jan	Feb	Mar	Jun	Puts-Last Jan	Feb	Mar	Jun
1.55	-	-	25.65	25.65	-	-	0.40	0.30
1.60	23.90	-	23.90	23.80	0.30	-	0.30	0.50
1.65	18.90	-	18.50	18.65	0.30	-	0.50	1.30
1.70	13.25	13.25	13.35	13.55	0.30	0.60	0.80	2.50
1.75	8.35	8.85	12.40	10.40	0.65	1.30	1.35	3.35
1.80	6.70	7.60	7.95	5.80	0.70	2.55	2.40	5.25
1.85	2.50	4.05	5.10	6.90	3.75	4.95	5.75	7.90

Estimated volume total, Calls N/A Puts N/A
Previous day's open int: Calls 825 Puts 218

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls-Last Jan	Feb	Mar	Jun	Puts-Last Jan	Feb	Mar	Jun
1.750	10.85	10.85	11.20	12.00	0.20	0.40	0.90	2.20
1.775	8.70	8.70	9.20	10.20	0.25	0.80	1.45	2.80
1.800	6.85	6.85	7.50	8.60	0.40	1.35	2.10	3.65
1.825	5.15	5.15	5.90	7.20	1.05	2.15	2.90	4.65
1.850	3.70	3.70	4.50	5.95	1.95	3.05	4.00	5.85
1.875	2.05	2.70	3.45	4.85	3.10	4.40	5.35	7.20
1.900	2.05	2.05	2.65	3.95	4.85	6.00	6.90	8.55

Previous day's open int: Calls 324,611 Puts 265,769
Previous day's volume: Calls 21,502 Puts 8,416

LIFFE- EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls-Last Mar	Jun	Sep	Dec	Puts-Last Mar	Jun	Sep	Dec
89.75	2.65	2.41	2.21	-	0.00	0.04	0.15	-
90.00	2.41	2.18	2.00	-	0.01	0.06	0.19	-
90.25	2.16	1.95	1.79	1.65	0.01	0.08	0.23	0.44
90.50	1.92	1.73	1.59	1.47	0.02	0.11	0.28	0.51
90.75	1.68	1.51	1.40	1.29	0.03	0.14	0.34	0.58
91.00	91.00	1.30	1.22	1.13	0.04	0.18	0.41	0.67
91.25	1.22	1.11	1.04	0.98	0.07	0.24	0.48	0.77

Estimated volume total, Calls 0 Puts 60
Previous day's open int: Calls 170 Puts 698

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Dec	119-19	-	-	119-11
Mar	119-11	120-02	119-05	119-08
Jun	119-07	-	-	118-12

Estimated Volume 8471(4321)
Previous day's open int. 22910(23855)

[illegible]

LIFFE-STERLING £25,000 $ per £

	Close	High	Low	Prev.
Mar	1.8555	1.8634	1.8610	1.8290
Jun	1.8495	1.8495	1.8495	1.8235
Sep	1.8445	1.8445	1.8445	1.8170

Estimated volume 10(0)
Previous day's open int. 96(96)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	88-02	88-05	87-23	87-23
Jun	87-02	87-03	86-25	86-24
Sep	86-06	86-06	86-03	85-29
Dec	85-12	85-13	85-10	85-04
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	93.98	94.03	93.93	93.90
Jun	93.63	93.65	93.58	93.54
Sep	93.29	93.29	93.29	-
Dec	92.94	92.96	92.94	-
Mar	92.63	92.63	92.61	-
Jun	-	-	-	-

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.7826	0.7860	0.7823	0.7827
Jun	0.7905	0.7945	0.7900	0.7904
Sep	0.8000	0.8010	0.8000	-
Dec	-	-	-	0.8069

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar	0.8156	0.8184	0.8153	0.8193
Jun	0.8222	0.8255	0.8222	0.8261
Sep	0.8300	0.8315	0.8300	-
Dec	-	-	-	-
Mar	-	-	-	-

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar	0.6314	0.6347	0.6314	0.6326
Jun	0.6378	0.6404	0.6378	0.6390
Sep	-	-	-	-
Dec	-	-	-	-

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	92.40	92.40	92.34	92.32
Jun	92.11	92.12	92.08	92.06
Sep	91.79	91.81	91.78	91.75
Dec	91.46	91.49	91.44	91.44
Mar	-	91.21	91.16	91.15
Jun	-	90.97	90.92	-
Sep	-	90.79	90.73	90.73
Dec	-	90.60	90.56	90.57

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Mar	246.60	247.60	245.75	247.60
Jun	-	249.00	247.45	-
Sep	249.40	250.20	249.40	-
Dec	-	-	-	253.50

MONEY MARKETS

London rates ease

INTEREST RATES declined on the London money market yesterday, as dealers returned from the Christmas holiday to find sterling at its highest level against the dollar for nearly six years, while over 4 p.c. was wiped off share values when the Stock Exchange reopened.

Trading was thin, reflecting year end conditions, when many operators have already squared their books, and there was general uncertainty about the future of direction of rates.

Three-month interbank fell to 8 15/16-8 13/16 p.c. from 9-8⅞ p.c. and one-year money gave up ⅛ p.c. to 9⅜-9¼ p.c.

UK clearing bank base lending rate 8½ per cent from December 4

The Bank of England initially forecast a money market shortage of £1,050m, but revised this to £1,100m in the afternoon. Total help of £1,009m was provided.

An early round of assistance was offered, and at that time the authorities bought £351m bills, including £133m outright, by way of £6m bank bills in band 1 at 8⅜ p.c. and £127m bank bills in band 4 at 8⅜ p.c. Another £218m bills were purchased for resale to the market on January 14, at a rate of 8 7/16 p.c.

In further operations before lunch the Bank of England bought £153m bank bills in band 1 at 8⅜ p.c.

In the afternoon the authorities provided help of £360m, including £340m bills purchased outright, through £217m bank bills in band 1 at 8⅜ p.c.; £98m bank bills in band 2 at 8⅜ p.c.; and £25m bank bills in band 4 at 8⅜ p.c. Another £20m bills were bought resale to the market on January 14, at 8 7/16 p.c.

Late assistance of around £145m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £341m, with the unwinding of bill repurchase agreements absorbing £329m; exchequer transactions £545m; and bank balances below target £175m. These outweighed a fall in the note circulation adding £320m to liquidity.

In Frankfurt call money fell to 3.50 p.c. from 3.80 p.c. in uncertain year-end trading. Banks benefitted from Monday's D-Mark currency swaps against the dollar conducted by the Bundesbank, and also by money flowing back into the banking system from earlier pension payments.

The situation was complicated by uncertainty about the amount of cash in circulation over the Christmas period, and when this money will move back into the system.

Commercial banks holdings at the Bundesbank fell on Monday, and it is feared there may be problems in meeting the month's minimum reserve requirements.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec 29) 3 months US dollars		6 months US Dollars	
bid 7⅞	offer 7⅞	bid 7⅞	offer 7⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	8.75	One month	3.00	Three year	8.09
Broker loan rate	8.75	Two month	4.54	Four year	8.32
Fed funds	7⅛	Three month	5.92	Five year	8.44
Fed funds at intervention	6⅞	Six month	6.59	Seven year	8.70
		One year	7.13	10-year	8.86
		Two year	7.86	30-year	8.96

Dec 29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.40-3.60	3.60-3.75	3.60-3.75	3.60-3.75	3.65-3.80	4.50
Paris	7.8125	8.00	8.3125	8.5625	8.8125	7.75
Zurich	7.00	3.375	-	3.50	-	-
Amsterdam	4.75	4.5625	-	4.6875	-	-
Tokyo	4.03125	3.96875	-	-	-	-
Milan	10.375	11.50	-	11.50-	-	-
Brussels	4.55	-	-	-	-	-
Dublin	7.50	8.375	8.6875	8.75	9.1875	-

LONDON MONEY RATES

[illegible]

Legal Notices

ADVERTISEMENT OF CREDITORS' MEETING UNDER SECTION 48 (2). INSOLVENCY ACT 1986 NORMPLANT (ACCESS EQUIPMENT) LIMITED IN RECEIVERSHIP

NOTICE IS HEREBY GIVEN, pursuant to Section 48 (2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at Cork Gully, St James's House, Charlotte Street, Manchester, M1 4DZ at 11.00 a.m on Tuesday, 12 January 1988 for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act and, if thought fit, appointing a committee.

Creditors are only entitled to vote if:-

(a) they have delivered to us at the address shown below, no later than 1200 hours on Monday, 11 January 1988, written details of the debts they claim to be due to them from the company, and their claims have Insolvency Rules 1986; and

(b) there has been lodged with us any proxy which the creditors intends to be used on his behalf.

Signed: Date: 23 December 1987

R E C Cook
Joint Administrative Receiver
Cork Gully
St James's House
Charlotte Street
Manchester
M1 4DZ

No 006949 of 1987
IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
MR JUSTICE PETER GIBSON
IN THE MATTER OF GOTA SECURITIES LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated 21st December 1987 confirming the Reduction of the Capital of the above named Company from £9,000,9000 to £5,000,000 and the Minute approved by the Court showing with respect to the share capital of the Company as altered the several particulars required by the above Act were registered by the Registrar of Companies on the 22nd December 1987.

DATED THE 22ND DECEMBER 1987

Slaughter & May,
35 Basinghall Street
London EC2V 5DB

Ref: RLH
Solicitors for the said Company

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has outlived the others because of a policy on fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows.

189, Regent St. W1. 01 734 0657

Company Notices

BARONSMEAD ASSOCIATES LIMITED

Notice is hereby given in accordance with Section 175 of the Companies Act 1985 that-

1. At an Extraordinary General Meeting of the above named Company held at 59 London Wall, London EC2M 5TP on 22nd December 1987 a Special Resolution was duly passed that a permissible capital payment of £232,600.00 out of the Company's capital in respect of the purchase by the Company of its own ordinary Companies Act 1985 be authorised.
2. The amount of the permissible capital payment for the shares in question is £232,600;
3. The statutory declaration and auditors' report required by Section 173 of the Companies Act 1985 are available for inspection at the Company's Registered Office; and
4. Any creditor of the Company may at any time within five weeks immediately following the date of the resolution for payment out of capital apply to the Court under Section 176 of the Companies Act 1985 for an order prohibiting the payment.

DATED the 22nd December 1987

RE: REPUBLIC OF ITALY
ECU 300,000,000
FLOATING RATE NOTES
DUE 1992

In accordance with the terms and conditions of the notes, notice is hereby given that for the 3 months period from December 30, 1987 to March 30, 1988, the notes will carry an interest of 7⅝% per annum.

The Relevant interest payment date will be March 30, 1988 and the coupon amount per ECU 10,000 nominal will be ECU 188.42 and per ECU 100,000 nominal will be 1,884.24.

PROVINCE OF NEWFOUNDLAND
US$ 50,000,000 13½% BONDS
DUE 1990

On December 17, 1987 Bonds for the amount of US$ 3,000,000 have been drawn in the presence of a Notary Public for redemption on February 1, 1988.
The following Bonds will be redeemable coupon due on February 1, 1989 and following attached:
4257 to 12256 incl.
Amount outstanding: US$ 28,000,000
Bonds previously drawn and not yet presented for redemption:
16150 to 16154 incl.

Luxembourg, December 30, 1987
THE FISCAL AGENT
KREDIETBANK
SA. LUXEMBOURGEOISE

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EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Stock
GOLD C	$ 480	73	23	-	-	-	-	$ 487.90
GOLD C	$ 500	22	14	3	27 A	-	-	$ 487.90
GOLD C	$ 520	10	6.30	6	19	10	30	$ 487.90
GOLD P	$ 460	11	4 B	-	-	-	-	$ 487.90
GOLD P	$ 480	-	-	20	14	-	-	$ 487.90

Series		Jan. 88 Vol	Jan. 88 Last	Feb. 88 Vol	Feb. 88 Last	Mch. 88 Vol	Mch. 88 Last	Stock
EOE Index C	FL 160	22	14.50	-	-	-	-	FL 171.52
EOE Index C	FL 165	28	11	-	-	-	-	FL 171.52
EOE Index C	FL 170	54	7.70	-	-	-	-	FL 171.52
EOE Index C	FL 175	180	5.30	2	9.50 B	4	13	FL 171.52
EOE Index C	FL 180	78	3.70	2	7.20	-	-	FL 171.52
EOE Index C	FL 185	43	1.60	5	3.50 B	3	7.50 B	FL 171.52
EOE Index C	FL 190	35	1	-	-	-	-	FL 171.52
EOE Index P	FL 155	39	1 B	37	4 A	-	-	FL 171.52
EOE Index P	FL 160	53	1.90	28	5 A	-	-	FL 171.52
EOE Index P	FL 165	274	3	1	7.50 A	-	-	FL 171.52
EOE Index P	FL 170	27	5	20	8.50	1	12.50 A	FL 171.52
EOE Index P	FL 175	12	8	20	12 A	-	-	FL 171.52
EOE Index P	FL 180	110	11.50 A	-	-	1	17.50	FL 171.52
EOE Index P	FL 185	9	15.10	20	18	-	-	FL 171.52
EOE Index P	FL 190	20	19.50	-	-	-	-	FL 171.52
EOE Index P	FL 255	25	84.50	-	-	-	-	FL 171.52
S/FI C	FL 180	36	2.10	44	3.40	24	4	FL 179.50
S/FI C	FL 185	35	0.80	-	-	16	2.40	FL 179.50
S/FI P	FL 175	-	-	295	2.70	157	3.50	FL 179.50
S/FI P	FL 180	181	2.60	13	4.70	56	5.70	FL 179.50
S/FI P	FL 185	371	5.70	5	7.90	67	8.10	FL 179.50

Series		Jan. 88 Vol	Jan. 88 Last	Apr. 88 Vol	Apr. 88 Last	Jul. 88 Vol	Jul. 88 Last	Stock
ABN C	FL 40	93	1.10	106	3	3	3.50 A	FL 39.30
ABN P	FL 40	15	1.80	21	3.50	129	4.50	FL 39.30
AEGON C	FL 55	-	-	20	7	6	9	FL 59.30
AEGON P	FL 60	24	2.60	-	-	-	-	FL 59.30
AHOLD C	FL 60	71	2.90	-	-	-	-	FL 60
AKZO C	FL 90	236	2.20	59	7.90	50	9.10	FL 86.70
AKZO P	FL 90	155	5.20	12	9	3	14.40 A	FL 86.70
AMEV C	FL 40	-	-	100	3	-	-	FL 37.30
AMEV P	FL 40	83	3.70	-	-	-	-	FL 37.30
AMRO C	FL 60	306	1.80	78	4	5	4.50	FL 58.80
AMRO P	FL 60	-	-	20	4.80 A	-	-	FL 58.80
ELSEVIER C	FL 60	155	0.40	-	-	-	-	FL 43
ELSEVIER P	FL 40	19	1	107	3.20	11	5.50	FL 43
GIST-BROC. C	FL 55	40	0.10	-	-	-	-	FL 22.30
GIST-BROC. P	FL 22.50	-	-	41	2.90	29	4	FL 22.30
HEINEKEN C	FL 140	26	1.10	-	-	-	-	FL 125
HEINEKEN P	FL 120	49	2.80	2	8 A	-	-	FL 125
HOOGOVENS C	FL 25	32	2.40	6	4.70	-	-	FL 26.20
HOOGOVENS P.	FL 25	127	1.40	31	3.50	-	-	FL 26.20
KLM C	FL 40	2	0.10	405	0.90	-	-	FL 29.30
KLM P	FL 40	400	11.20	406	11.50 A	-	-	FL 29.30
NEDLLOYD C	FL 170	30	1	10	5	-	-	FL 132.50
NEDLLOYD P	FL 130	12	6	5	15.10	-	-	FL 132.50
NAT.NED. C	FL 55	71	0.70	23	2.50	-	-	FL 50.90
NAT.NED. P	FL 50	23	2 A	2	3.50 A	-	-	FL 50.90
PHILIPS C	FL 55	369	0.10	10	0.30	-	-	FL 26.70
PHILIPS P	FL 30	20	1.30	81	5.40	10	5.50	FL 26.70
ROYAL DUTCH C	FL 190	305	10.70	1	18.80	-	-	FL 199.60
ROYAL DUTCH P	FL 190	395	1.50	97	6.50	1	10.50	FL 199.60
ROBECO P	FL 80	4	1.30	17	5.20 A	-	-	FL 82
UNILEVER C	FL 100	150	5.20	85	11.90	5	15	FL 102.60
UNILEVER P	FL 100	125	2.50	102	8.20	25	12	FL 102.60

TOTAL VOLUME IN CONTRACTS : 15,314

A=Ask B=Bid C=Call P=Put

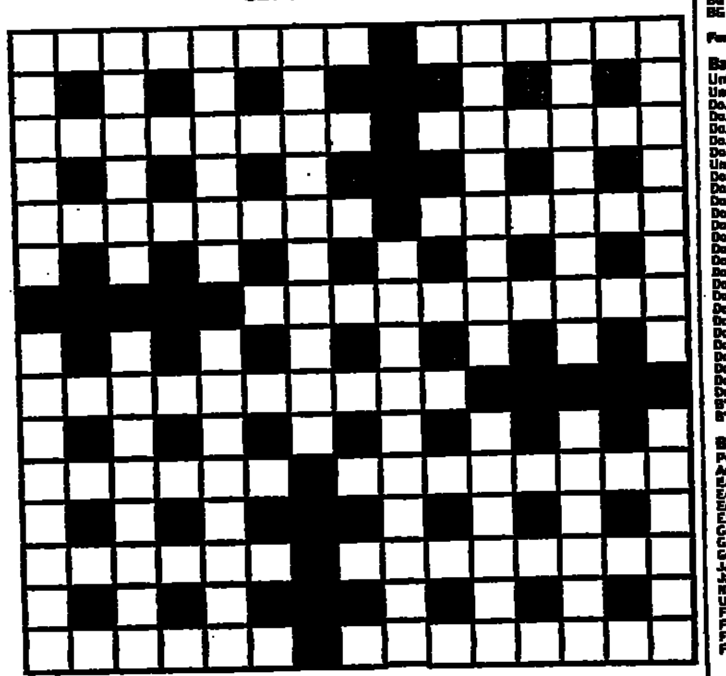
BASE LENDING RATES

	%
ABN Bank	8½
Adam & Company	8½
AAB - Allied Arab Bk	8½
Allied Dunbar & Co	8½
Allied Irish Bank	8½
American Exp.Bk	8½
Amro Bank	8½
Henry Ansbacher	8½
ANZ Banking Group	8½
Associates Cap Corp	10
Authority Bank	8½
B & C Merchant Bank	8½
Banco de Bilbao	8½
Bank Hapoalim	8½
Bank Leumi (UK)	8½
Bank Credit & Comm	8½
Bank of Cyprus	8½
Bank of Ireland	8½
Bank of India	8½
Bank of Scotland	8½
Banque Belge Ltd	8½
Barclays Bank	8½
Benchmark Tst Ltd	8½
Beneficial Trust Ltd	9½
Berliner Bank AG	8½
Brit Bk of Mid East	8½
● Brown Shipley	8½
Business Mtge Tst	9
CL Bank Nederland	8½
Central Capital	8½
● Charterhouse Bank	8½
Citibank NA	8½
City Merchants Bank	8½
Clydesdale Bank	8½
Comm.Bk.N.East	8½
Consolidated Cred	8½
Co-operative Bank	*8½
Cyprus Popular Bk	8½
Duncan Lawrie	8½
Equat'l TstC'p plc	8½
Exeter Trust Ltd	9
Financial & Gen. Sec	9
First Nat. Fin. Corp	10
First Nat. Sec. Ltd	10
● Robert Fleming & Co	8½
Robert Fraser & Ptrs.	9½
Girobank	8½
Grindlays Bank	8½
● Guinness Mahon	8½
HFC Trust & Savings	8½
● Hambros Bank	8½
Heritable & Gen Inv Bk.	8½
● Hill Samuel	§8½
C. Hoare & Co.	8½
Hongkong & Shangh	8½
Lloyds Bank	8½
Meghraj Bank Ltd	8½
Midland Bank	8½
● Morgan Grenfell	8½
Mount Bnkg Cpn Ltd	8½
Nat. Bk. of Kuwait	8½
NatWestminster	8½
Northern Bank Ltd	8½
Norwich Gen. Trust	8½
PK Finans. Int(UK)	9
Provincial Trust Ltd	9½
R. Raphael & Sons	8½
Roxburghe G'rantee	10½
Royal Bk of Scotland	8½
Royal Trust Bank	8½
Smith & Williams Secs.	8½
Standard Chartered	8½
TSB	8½
UDT Mortgage Exp	¶10.2
United Bk of Kuwait	8½
United Mizrahi Bank	8½
Unity Trust Bank Plc	8½
Western Trust	8½
Westpac Bank Corp.	8½
Whiteaway Laidlaw	9
Yorkshire Bank	8½

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Savewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 3.49%. Mortgage 10% - 10.25%

FT CROSSWORD No.6,517

SET BY CINEPHILE



JIGSAW PUZZLE

Solutions are to be inserted in the diagram jigsaw-wise, wherever they will go. Every intersecting letter is a vowel. Clues are numbered in alphabetical order of their solutions.

ACROSS

1 Don that doesn't really matter (8)
2 A copper people follow needs intelligence (6)
3 Sorry for defending one's views (10)
4 Gull a CIA organiser who had an empire (8)
5 Singer with vehicle taking us round (6)
6 Medium of medicine man (6)
7 Side of eastern Scottish loch (6)
8 Endpiece needs oil: gee up! (8)
9 Chopper turned to digger by surveyor? (8)
10 Meagre result of nought and cross with upper-class guise (8)
11 Unpaid for love, repetitious girl is in Hawaii (8)
12 Mental picture (maybe fallacious) of one mould-breaker (6)
13 Type inclined to hit Alice when he's missing (6)
14 Motorway place setting (6)
15 Trifles unite: am I spoilt? (8)
16 Change pitch at entering spacecraft unit (8)
17 Take in exotic person or plant: maybe sharp is D and flat is F? (10)
18 New or old, or one spirit with others (8)
19 Subdued by love, girl called True got married (8)
20 Ape upset about old language of county? (8)
21 Root and shoot at nothing (6)
22 Determined by second and fifth notes on old instrument (8)
23 Miniature 5 may be chewing the cud (10)
24 It's harsh to cut off a point (6)
25 Much abuse: I'm in business (6)
26 Rude nude act due to be altered (10)
27 Old Bob in wedding, all on one note (6)
28 Like the French R, with variation of infinite value in ancient city (6)

Solution to Puzzle No.6,516

W	I	N	T	R	Y		S	C	A	R	C	I	T	Y
A		I		U				A		A		N		O
T	I	G	H	T	S		A	B	R	I	D	G	E	R
E		H		H		C		I		N		E		K
R	I	T	E		S	H	O	N	E		I	S	L	E
B		J		S		A		E		F		T		R
E	X	A	S	P	E	R	A	T	I	O	N			
D		R		U		T		M		L		D		D
			I	M	P	E	R	A	T	I	V	E	L	Y
B		P		E		R		K		O		T		N
O	S	L	O		C	H	I	E	F		G	A	L	A
W		A		A		O		R		C		I		M
L	A	Y	A	B	O	U	T		C	H	I	L	L	I
E		O		L		S				A		E		T
R	E	N	D	E	R	E	D		B	R	I	D	L	E

Production problems meant that parts of the Christmas Crossword were illegible in the first edition of last Thursday's paper. The puzzle is reprinted today on page 19 of the London FT.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6093/4/5

Scimitar Global Gth Ac	27.4	29.2	—	—
Do Income	27.3	29.1	—	0.19
Scimitar European Acc	21.1	22.5	—	—
Do Income	21.1	22.5	—	0.11
Scimitar UK Eq Inc Acc	35.5	37.0	—	—
Do. Income	33.6	35.4	—	3.66
UK Cap Gth Acc	22.2	23.4	—	0.75
Scimitar Pac Basin Acc	25.9	27.6	—	—
Scimitar Mangd Exempt*	136.2	141.9	—	—

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-556 1052

Intel Income Units	125.0	133.0	-0.4	3.30
Intel Accum Units	191.2	203.4	-0.6	3.30
UK General Acc	35.7	38.2	-0.6	3.11
UK General Inc	34.4	36.8	-0.5	3.11
American	25.6	27.4	-0.7	0.64
European	33.8	36.2xd	-0.4	0.94
Japan	48.6	52.0xd	-3.1	—
Technology	32.4	34.7	-0.7	1.42
Performance Trusts				
Far East Perf Tst	15.3	16.4	-0.6	0.6
High Inc Perf Tst Inc	22.7	24.3xd	-0.3	5.37
High Inc Perf Tst Acc	23.2	24.8xd	-0.3	5.37
Worldwide Tact Perf Tst	25.5	27.3	-0.8	—

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Aleban (UK Equity)	196.9	210.6	-6.8	2.91
Columbus (America)	115.1	123.2	-5.5	1.42
Marco Polo (Pacific)	184.4	197.3	-8.1	0.43
Da Vinci (European)	205.2	219.5	-3.2	1.95
Drake	48.1	51.05	-0.8	2.89

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	189.3	201.4	-6.6	3.07
UK Smlr Cos. Equity	189.4	201.5	-6.5	2.49
UK Special Situations	54.1	57.6	-0.8	3.77
Income Plus	49.2	52.4	-0.6	6.45
European	153.2	163.0	-4.9	1.88
Far Eastern	47.9	51.0	-1.1	2.96

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-606 4355

TUUT Dec 1 87	175.8	185.1	—	3.71

Triton Fd Mngrs. Ltd.
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400

Triton General	129.3	139.3	-5.7	1.76

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N 248 3399

Convertible & Gent	57.6	61.1	-0.6	6.68
Accum Units	57.6	61.1	-0.6	6.68
Income	76.6	81.3	-1.9	5.30
Accum Units	76.6	81.3	-1.9	5.30
Smaller Co's	83.4	88.4	(z)	1.65
Accum Units	83.4	88.4	(z)	1.65
UK Growth	85.6	90.7	(z)	1.49
Accum Units	85.6	90.7	(z)	1.49

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40093

British Growth Fd	52.0	55.4	—	1.35
Technical Analysis Fd	48.7	51.9	—	1.95

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisors: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	164.7	175.2xd	—	1.73
Friars Hse Inc Fd	141.6	149.0xd	—	3.51

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, EC. 01-534 5544

United Charities	159.1	169.2	-2.9	4.53

Vanguard Trust Managers Ltd
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Abingdon Rdfa Acuts	161.5	171.6	—	2.56
(Accum Units)	164.4	174.9	—	—
Far East & Gen	47.0	50.0	-1.8	0.34
(Accum Units)	47.0	50.0	-1.8	—
Master Portfolio	62.566	64.170	-2.001	3.26
(Accum Units)	64.025	65.667	-2.046	—
American & Gen	50.7	53.9	-2.2	1.99
(Accum Units)	51.4	54.7	-2.1	—

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assur.	360.7	379.8	—	—
Eb'r Ph. Eq.	314.7	334.4	—	—
Pension Plan Funds				
Pioneer				
UK Equity Acc.	155.3	163.4	-4.6	—
International Acc.	114.6	120.6	-4.3	—
Property Acc.	121.7	128.1	—	—
Fixed Interest Acc.	149.1	156.9	+1.5	—
Money Acc.	133.9	140.9	—	—
Bldg. Soc. Link Acc.	131.6	138.5	—	—
Special Mngd. Acc.0	137.8	145.0	-2.7	—
Phoenix/Framlington				
Intnl. Growth Acc.	77.9	82.0	-1.5	—
Amer. & Gen. Acc.	70.8	74.5	-1.0	—
Capital Tst. Acc.	159.3	167.6	-5.9	—
Japan & Gen Acc	152.7	160.7	-5.6	—
American Turn. Acc.	70.4	74.1	-0.7	—
Recovery Tst. Acc.	150.9	158.8	-3.4	—
Special Mngd Acc	127.5	134.2	-3.2	—
Phoenix/GT				
International Acc.	116.4	122.5	+0.8	—
US & General Acc	86.5	91.0	+1.0	—
Amer Spec Sits Acc	60.6	63.7	+0.8	—
Japan & General Acc	154.0	162.1	-0.3	—
Far East & Gen. Acc.	126.6	133.2	+0.6	—
UK Capital Acc	162.9	171.4	+2.8	—
European Acc	128.3	135.0	+0.5	—
Special Mngd. Acc.	119.5	125.7	+1.4	—

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	262.7	276.6	—	—
Man Pens Inc & Cap Fds	335.9	353.6	—	—
Money Fund	110.5	116.4	—	—
Pens. Mngd Fd (Init)	83.0	87.4	—	—
Pens Mngd Fd (Acc)	92.2	97.1	—	—
Pens FT30 Fd (Init)	126.8	133.5	—	—
Pens FT30 Fd (Acc)	140.9	148.4	—	—
Pens O'seas MgFd(Init)	49.9	52.6	—	—
Pens O'seas MgFd(Acc)	55.5	58.5	—	—
Pens Fxd Int Fd (Init)	104.9	110.5	—	—
Pens Fxd Int Fd (Acc)	116.6	122.8	—	—
Pens Deposit Fd (Init)	100.4	105.7	—	—
Pens Deposit Fd (Acc)	111.6	117.5	—	—

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath 0444 458721

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

Prufund				
Managed Dec 23	190.4	198.4	+4.7	—

Prudential Holborn Life Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

Managed Fd	421.0	443.2	+0.2	—
Equity Fd	858.9	904.2	+2.7	—
Intnl. Fd	290.8	306.2	-1.4	—
Fixed Int. Fd	350.7	369.2	—	—
Prop. Fd	299.8	315.6	—	—
Cash Fd	232.1	244.4	—	—
Pacific Basin Fd	154.6	162.8	-1.6	—
North American Fd	116.3	122.5	+0.2	—
European Fd	131.3	138.3	-3.3	—
Holborn Balanced Gwth Fd	—	—	—	—
Holborn Strategic Gwth Fd	—	—	—	—

Prudential Holborn Pensions Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

Managed	442.7	466.7	+1.5	—
Equity	630.9	664.2	+2.1	—
Global Equity	179.4	188.9	+1.1	—
Fixed Interest	353.5	372.2	+1.5	—
Property	299.2	315.0	—	—
Cash	136.3	143.5	—	—
Index Linked Gilt	159.9	168.4	+0.2	—
Guaranteed	9.25	10.25	—	—
International Money	185.4	195.2	+0.6	—
North American Fd	50.2	52.9	—	—
Japanese Fund	98.19	103.1	—	—
European Fund	68.5	72.2	—	—
Special Situations Fd	79.2	83.4	—	—
Communications Fund	68.4	72.0	—	—
Smaller Cos Fund	81.7	86.0	—	—

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Regency Life Assurance Co Ltd
55-57 High Holborn, WC1V 6DU 01-831 7491

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

BRITISH FUNDS — Contd

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS – Contd

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39	21	Rep NY Corpn $5	23½	+1¼	$1.16	—	2.7
18¾	8¼	Rockwell Intl. $1	10	+¼	66c	—	3.6
30¾	16¼	Sara Lee $1(1/3)	18¾xd	-1⅛	$1.00	—	2.9
11⅞	8¾	Saul (B. F.) $1	9¾	-¼	20c	—	1.2
27⅞	21¼	Southwestern Bell $1	17⅞	-1¼	Q$2.32	—	7.2
22⅞	994p	Staley Continental	12⅞	-⅛	80c	—	3.9
44⅞	21⅞	Sun Co. Inc. $1	28⅞	-1	$3.00	—	5.8
42¼	22⅞	TRW Inc. $0.625	26⅛xd	-1¼	Q$1.60	—	3.4
37⅞	21½	Tenneco $5	21½xd	-1½	$3.04	—	7.7
220	149½	Do. 10pcLn.Stk. 91-5	155xd	—	10%	—	14.7
29⅞	15⅞	Texaco $6.25	20¼xd	-⅛	$3.00	—	8.1
74⅞	36⅞	Time Inc. $1	42⅞xd	-1½	$1.00	—	1.3
20⅞	11	Tracor $0.33(1/3)	17½xd	—	40c	—	1.3
30⅞	15	Transamerica $1	15⅞xd	-1½	$1.84	—	6.3
14⅞	1¼	Transworld Corp $5	790p	-45	20c	—	1.4
27⅞	12¼	TRINOVA Corp	17	-1¼	56c	—	1.8
24⅞	12⅞	♦USX $1	16⅞	-1⅞	$1.20	—	4.0
37⅞	16⅞	Utd. Technologies	17⅞xd	-1¼	$1.40	—	4.3
38⅞	25⅞	US West ‖	27	-1⅞	$3.28	—	6.7
30½	17⅞	Waste Management $1	19⅞	-1	—	—	—
31⅞	11⅞	Whirlpool $1.0	12⅞	-½	—	—	—
37⅞	16½	♦Woolworth $3½	18½	-⅞	$1.32	—	3.9

CANADIANS

High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	227p	ABM Gold Corp ‖	287p	+9	—	—	—
264p	10p	♦Abbot Energy Corp	16½p	—	—	—	—
18⅞	506p	♦Amer. Barrick Res	11⅞	-⅛	—	—	—
141p	5p	American Lightwave	6p	—	—	—	—
122p	33p	♦Armeno	41p	—	—	—	—
117p	39½p	Augmitto Expln	45p	-3	—	—	—
19⅞	10⅞	Bk. Montreal ‖	11⅞xd	—	$2.00	—	7.3
10⅞	488p	Bk. Nova Scot. ‖	534pxd	-21	72c	—	5.6
20⅞	15	BCE ‖	15¼	-¼	$2.40	—	6.6
10⅞	511p	♦Bow Valley ‖	996p	-18	♦40c	—	2.8
20	10⅞	♦Brascan ‖	11⅞	—	88c	—	3.2
609p	186p	♦Breakwater Res	186p	—	10c	—	2.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES – Contd

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
516	300	Pearl Group 5p	420	+15	†10.5	–	3.4	–
*£11¼	735	Prudential	832	–12	†29.8	–	4.8	–
998	350	Refuge 5p	433	–10	15.75	–	5.0	–
995	345	Royal	407	–7	†h15.5	–	5.2	–
110	65	Sabre Ins. Inc.	65	–15	–	–	–	–
*345	168	Sedgwick Group 10p	222	–6	12.0	1.7	7.4	9.5
339	138	Steel Burrill J.10p	155	–3	†9.0	2.0	8.0	8.6
612	305	Sturge Hldgs 20p	329	–10	†6.0	2.5	2.6	20.9
£12⅞	645	Sun Alliance	865	–23	†23.5	–	3.7	–
£13	865	Sun Life 5p	920	–25	†28.5	–	4.3	–
£69⅝	£36¾	♥Taisho M EDR	£40¼	–3½	g£0.19%	–	1.1	–
£22¼	£12⅞	Torchmark $1.00	£12⅞	–⅛	Q$1.00	–	4.3	–
410	235	Trade Indemnity	395	–2	14.3	–	1.7	–
£34	£17⅞	Travelers $1.25	£18⅝	–⅜	$2.28	–	6.7	–
£30¼	£15⅝	USF & G Corp $2.50	£16	–⅝	Q$2.48	–	8.5	–
£33⅝	£15⅛	USLIFE Corp. $1.0	£16	–	Q$1.28	3.2	4.4	7.1
738	525	♦Utd Friendly B 10p	540	–20	21.0	–	5.3	–
464	192	Willis Faber 12½p	229	–16	†10.75	2.4	6.4	8.7
128	41	Windsor Secs. 10p	58	–	10.7	1.5	1.7	–

LEISURE

MOTORS, AIRCRAFT TRADES

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES – Contd

TOBACCOS

TRUSTS, FINANCE, LAND

TRUSTS, FINANCE, LAND – Contd

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

MINES

MINES – Contd

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

TRADITIONAL OPTIONS

3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Equities fall in thin trade on new dollar worries

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec 7	Dec 17	Dec 18	Jan 4
Dec 21	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1

*New time dealings may take place from 9.00 am two business days earlier.

THE RENEWED pressure on the US dollar, already signalled in Tokyo over Christmas, sent share prices plunging in London yesterday as the City made a *somewhat sluggish return from* its Yuletide break. The equity sector fell by 60 FT-SE points, representing £12.4bn according to DataStream, in its biggest one-day loss since November 30 – although prices ended well above the day's lows.

The stock market was down by 4.5 per cent within minutes of *the opening, as traders backed* away from the heavy overnight setback on Wall Street, and the downturn in Tokyo equities over the Christmas period. But market *turnover was less than 40 per* cent of the improved levels seen in the past fortnight.

Some fairly modest selling was seen in the first two hours of business, after which prices steadied. But buyers then appeared at the lower levels and London was *rallying until Wall* Street opened on the downside again.

At the close, *the FT-SE 100 Index showed a net fall of 60.8 points to 1730.3, after dipping to* 1711.8 in the first hour. The day's loss eliminated most of last week's rally.

The sudden setback to equities *also showed itself in the form of* higher prices for UK Government bonds. Dollar-priced gold shares benefited from currency nervousness.

However, the *market* professionals took a cool-headed view of the shakeout. With institutional business almost at a standstill until the New Year, and equity dealing desks only 50 per cent staffed yesterday, share prices were struck down without much significant selling pressure. Many prices, especially in second line issues, were hardly tested.

The equity market moved up *strongly over the fortnight* preceding Christmas, and had become vulnerable to a technical setback. City analysts remain optimistic towards the domestic economy and hopeful that the US authorities will tackle the problems of the US trade and budget deficits more realistically in 1988.

The strength of the pound bore heavily on the blue chip exporting stocks. **ICI, Unilever, Glaxo** and **BAT Industries.** all suffered substantial losses.

Among oils, **Shell** *was hurt by* the currency factors but **BP** and **Britoil** saw smaller losses as the City awaited the formal document spelling out BP's £2.3bn *bid for Britoil, which is expected* very soon. The latest City thinking is that BP may be prepared to tolerate the Government-held Golden Share in Britoil, in which BP already has a 25 per cent stake.

Government bonds made a bright start as the strength of the pound, and the weakness of equities, strengthened the chances of another cut in UK *interest rates. But business was* too thin to support suggestions of a renewed "flight to quality". At the close, long-dated bonds were off the top, with net gains *of ⅛ or so.*

Britoil shares initially mirrored the overall decline in UK equities but later picked up well to end an erratic trading session *unaltered on balance* at 435p after a turnover of around 10m shares. US oil group Atlantic Richfield, seeking to acquire up to 49.9 per cent of Britoil, were *said to have moved back into the* market yesterday and picked up around one to one and a half per-cent of *Britoil's* issued capital, thereby upping its stake to around 22 per cent.

BP were again in the headlines after the Morgan Bank *announced that it held on behalf* of clients – including the Kuwait Investment Office – ADR's in BP *totalling 372.9m "new" partly* paid shares and 283.5m "old" *fully paid shares.*

Turnover in BP "new" approached the 50m shares mark, with the shares unchanged at 70½p. After the *close the KIO announced* it had increased its stake to 17.4 per cent.

Even a strong rally in crude oil prices failed to produce any strength in BP old shares which fell to 246p before steadying to end the day a net 8 lower at 251p after a turnover of around 5m shares.

Other oils were persistently sold with recent takeover *favourites* **Enterprise** and **LASMO** *down 16 and 17 at 263p and 273p* respectively.

Tricentrol fell 7 to 162p after the response by French group ELF to the former's defence document issued on Christmas Eve.

Brewery shares recovered from the early mauling, thanks to efforts of a few cheap buyers, but the leaders still closed with *sizeable losses on the day.* **Bass** were 18 lower at 810p and **Guinness** 12 down at 283p while **Allied-Lyons** lost 7 at 345p and **Whitbread "A"** a like amount at 284p. *Regional issue,* **J.A.Devenish,** bucked the trend following a broker's recommendation and closed harder at 291p. Cidermakers also resisted the downturn *with* **Merrydown** *ending 4* dearer at 327p and **H.P.Bulmer** a shade firmer at 161p.

Leading Buildings were marked down at the outset, but moved away from depressed levels following the appearance of *tentative* buying at the lower levels. **Blue Circle** finished 8 off at 428p *in the wake of last* week's abortive dawn raid; an unnamed party attempted to buy *as much as 14.9 per cent of the* company's shares by bidding 450p per share last Tuesday, but continued to keep a low profile yesterday. Other recent takeover *favourites also floundered,* **Costain** dipping 21 to 269p and **Magnet** falling 18 to 196p. Reports that house prices are set to rise sharply again failed to sustain such leaders as **Barratt Developments** which dipped 8 to 180p and **George Wimpey,** finally 10 lower at 237p. **Taylor Woodrow** shed 11 to 354p and **Tarmac** gave up 10 at 230p.

Currency influences prompted a sharp reaction in **ICI** which shed ½ to £11¼.

Reports of bumper attendances at the start of the post-christmas sales did little to arrest selling pressure in the retail sector which closed with widespread losses.

Harris Queensway moved against the trend and put on 3 to 128p after a New Year recommendation *for the shares in the* weekend Press.

The latest bout of weakness in the dollar left some hefty falls in the electronics sector. **Cable & Wireless** slipped *18 to 328p* and **Ferranti** dipped 6 to 85p.

Overshadowed by currency influences, **Hawker Siddeley** fell away sharply to close 21 *lower at 443p. Elsewhere in the* Engineering leaders, **GKN** failed to escape the malaise and dipped 17 to 290p. **Rolls-Royce** were a lively market (some 5.2m) shares changed hands) but closed 6 cheaper at 121p, after touching 118p at one stage; the company announced yesterday that it had signed a contract for the third and final batch of RR1004 engines for the Augusta A129 *Mangusta anti-tank helicopter* for the Italian army. The contract is worth around £12m.

Resisting the trend, **Victor Products,** the industrial and *mining equipment* manufacturer, jumped 45 to 190p on the announcement of a bid approach; **NEI,** which has a stake of just over 17 per cent in the company, eased 4 *to 98p.* **Telfos** were also a bright spot at 111p, up 13, in response to contract news.

Leading Foods suffered a sharp mark-down at the outset. At the lower levels, a modest two-way business developed, mainly between marketmakers, but prices generally failed to respond and closed at the day's lowest. Currency influences unsettled **Cadbury Schweppes,** finally 13 lower at 231p, and **Rowntree, 21** off at 440p. **Dalgety** gave up 13 at 312p and **United Biscuits** 2 at 260p, after 256p. **Northern Foods** closed 3 easier at 270p *amid talk that a sizeable line of* stock had been placed. Retailers were dull with **Dee** falling 9 to 211p awaiting further bid developments; suitor **Barker and Dobson** *were 6 lower at 147p.*

Hotels suffered badly owing to currency considerations. **Grand Metropolitan** dipped 17 to 450p, while **Ladbroke** shed 18 to *325p and* **Trusthouse Forte** *7 to* 220p.

US currency worries prompted a sharp mark-down in the international stocks at the opening. A subsequent rally left most quotations above the day's lowest, but *falls on the day were still* substantial. **BOC,** 384p, and **Beecham,** 443p, both featured falls of around 17. **Reed International,** however, rallied quite *strongly to settle 10 cheaper at* 384p, after having touched 376p *at one stage.* **Glaxo,** down ½ at £10, failed to benefit from news that it had received approval *from the US Food and Drug* Administration to market Ceftin, a broad spectrum oral antibiotic, in America.

Other US dollar earners to come under pressure included **Cookson,** down 22 at 517p, **Smiths Industries,** 16 lower at 218p, **British Aerosapce,** 11 off at 343p, and **Blue Arrow,** 9 cheaper at *97p,* after 93p. **Christies International,** a strong market last week in the wake of bid speculation, ran back sharply to close 25 lower at 415p. News of the management buy-out of Aynsley China for $17.5m failed to assist **Waterford** which *closed 7 cheaper at 61p.*

US dollar considerations knocked **Jaguar** down 17 to 323p while **Rover** fell 10 to 64p; the latest production figures *from both groups were brushed* aside in the general market weakness. Motor Component and Distributor issues fared badly with **Lucas Industries** falling *10 to 548p,* **FR Group** *11 to 278p* and **Armstrong Equipment** 11 to 134p. **Lex Service** gave up 9 at 290p while **Appleyard** dropped 25 to 310p and **T.Cowie** *11 to 99p.*

Pitted against a drab backcloth in the Paper/Printing sector were two bright features. **Chapman Industries,** which earlier *this month reported* very good first-half results, rose 7 to 296p while **James Cropper** moved up 10 to 200p; last month, the latter also announced highly encouraging interim figures. **Saatchi & Saatchi** led Advertising Agencies lower, closing 22 down at 412p, while **WPP** fell 32 to 383p and **VPI** 19 to 278p.

A defensive mark-down followed by scrappy selling left Properties with sizeable losses, **Land Securities** falling 15 to 473p and **MEPC** shedding 12 to 452p. **Hammerson A,** recently the subject of stake-building rumours, came back 12 to 543p, while **Great Portland Estates** *lost a similar amount* at 288p. Recent favourite **Helical Bar** came back 17 to 176p and **Speyhawk** relinquished 23 at 318p. **Phoenix Property** lost 15 to *109p* and **Wates** gave up 6 at 162p.

Few Textiles escaped unhurt and **Courtaulds** ended 11 lower at 338p, affected by currency influences. Tobaccos suffered similarly with **BAT Industries** losing 16 *to* 442p and **Rothmans International** falling 14 to 385p.

The list of losses among miscellaneous Financials and Fund Management groups was long. It *included* **M & G,** *down 32 at* 264p, and **Henderson Administration,** 55 lower at 645p. **Mercury Asset Management** dropped 20 to 300p and **Britannia Arrow** *8 to 111p.*

Among Overseas Traders, the double-figure falls were confined to the leading stocks such as **Lonrho,** 15½ cheaper at 242½p, and **Polly Peck,** which gave up 10 at 283p. **Harrisons & Crosfields** shed 14 to 541p.

Traded option contracts totalled 9,980 comprising 6,469 calls and 3,511 puts. The **FTSE** contract attracted 439 calls and 1,206 puts.

FINANCIAL TIMES STOCK INDICES

	Dec. 29	Dec. 24	Dec. 23	Dec. 22	Dec. 21	Year Ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	88.82	88.45	88.10	88.19	88.21	83.52	93.32 (8/5)	83.73 (19/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.07	94.67	94.70	94.71	94.69	89.60	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1382.3	1432.3	1419.4	1408.9	1405.1	1308.6	1926.2 (16/7)	1232.0 (9/11)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	309.1	303.7	304.4	301.1	305.6	298.2	497.5 (4/8)	261.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.49	4.34	4.39	4.44	4.46	4.39				
Earnings Yld. %(full)	11.25	10.87	10.98	11.11	11.17	10.39				
P/E Ratio (net)(*)	10.90	11.27	11.17	11.03	10.98	11.81				
SEAQ Bargains (5pm)	19,644	8,251	20,997	24,326	27,997	25,720				
Equity Turnover (£m)	-	692.00	1060.78	1964.07	1466.28	620.71				
Equity Bargains	-	13,394	24,529	29,292	30,680	35,743				
Shares Traded (ml)	-	327.4	569.0	533.6	569.2	334.4				

S.E ACTIVITY

Indices	Dec. 24	Dec. 23
Gilt Edged Bargains	46.9	70.7
Equity Bargains	*115.2*	158.9
Equity Value	1398.7	2144.1
5-Day average		
Gilt Edged Bargains	*84.0*	99.7
Equity Bargains	167.8	190.2
Equity Value	2701.0	2981.7

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1367.0	1369.3	1374.1	1377.1	1376.2	1375.9	1378.0	1381.8

Day's High 1382.8 Day's low 1367.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.78.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

Traditional Options

- *First dealings Dec 14*
- Last dealings Dec 3
- Last declarations Mar 17
- For Settlement Mar 28

For rate indications see end of London Share Service

Interest in the Traditional option market remained at an extremely low level. Stocks to attract money for the call *included* **Micro Business Systems, Racal, Monarch Petroleum, Eagle Trust, Trimoco, Ladbroke, Belhaven, British Airways, Lonrho, Polly Peck and Astra Holdings.** No put or double options were reported.

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	109	1	6
Corporations, Dominion and Foreign Bonds	14	1	37
Industrials	80	1,039	448
Financial and Properties	27	464	147
Oils	4	68	39
Plantations	3	2	9
Mines	39	49	111
Others	22	143	84
Totals	298	1,767	881

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

[illegible]

		Index No.	Day's Change %	Day's High	Day's Low	Dec 24	Dec 23	Dec 22	Dec 21	Dec 18	Year ago
	FT-SE 100 SHARE INDEX ♦	1730.3	-60.8	1730.8	1711.8	1791.1	1771.4	1747.4	1750.2	1717.0	1673.1

FIXED INTEREST

	PRICE INDICES	Tue Dec 29	Day's change %	Thu Dec 24	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.38	+0.20	123.50	0.37	11.43
2	5-15 years	139.19	+0.50	138.50	-	14.40
3	Over 15 years	147.39	+0.58	146.54	-	14.19
4	Irredeemables	161.36	+0.73	161.17	0.99	14.58
5	All stocks	136.27	+0.42	135.83	0.13	13.45
	Index-Linked					
6	5 years●	123.86	+0.30	123.50	-	2.92
7	Over 5 years●	115.86	+0.03	115.83	-	3.43
8	All stocks●	116.35	+0.05	116.29	-	3.37
9	Debentures & Loans	116.07	+0.03	116.04	-	10.69
10	Preference	85.08	-0.16	85.22	-	6.24

	AVERAGE GROSS REDEMPTION YIELDS		Tue Dec 29	Thu Dec 24	Year ago (approx.)
	British Government				
1	Low	5 years	8.69	8.78	9.82
2	Coupons	15 years	9.40	9.46	10.13
3		25 years	9.24	9.31	10.13
4	Medium	5 years	9.31	9.39	10.81
5	Coupons	15 years	9.57	9.65	10.47
6		25 years	9.52	9.56	10.23
7	High	5 years	9.40	9.49	10.86
8	Coupons	15 years	9.73	9.81	10.64
9		25 years	9.49	9.57	10.27
10	Irredeemables	†	9.14	9.21	10.01
	Index-Linked				
11	Inflation rate 5%	5yrs.●	2.87	2.97	3.99
12	Inflation rate 5%	Over 5 yrs.●	3.95	3.95	3.86
13	Inflation rate 10%	5 yrs.●	3.31	3.40	2.45
14	Inflation rate 10%	Over 5 yrs.●	4.03	4.03	3.70
15	Debs &	5 years	11.03	10.97	11.28
16	Loans	15 years	11.08	11.05	11.27
17		25 years	11.12	11.10	11.27
18	Preference	†	10.67	10.64	11.83

♦Opening index 1712.7; 10 am 1714.8; 11 am 1720.9; Noon 1725.6; 1 pm 1724.0; 2 pm 1723.8; 3 pm 1725.2; 3.30 pm 1727.4; 4 pm 1729.5

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

[illegible]

December 29 Total Contracts 9,980 Calls 6,469 Puts 3,511

FT-SE Index Calls 439 Puts 1,206

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (1).

BRITISH FUNDS (1) Transport 3pc. 1978-88.

NEW LOWS (77).

AMERICANS (7) BANKS (3) BREWERS (3) BUILDINGS (1) CHEMICALS (1) STORES (2) ELECTRICALS (10) ENGINEERING (1) FOODS (1) INDUSTRIALS (7) INSURANCE (1) LEISURE (1) NEWSPAPERS (1) PAPERS (2) TRUSTS (25) OILS (2) MINES (4) THIRD MARKET (6).

FINANCIAL DIARY

The following information was omitted from yesterday's Financial Diary.

FRIDAY JANUARY 1

DIVIDEND & INTEREST PAYMENTS-

New Brunswick Railway Perp. 4% Cons. Deb. 2pc.
New Zealand 7¼% 88/92 3.625pc.
Newcastle-Upon-Tyne 3½% Irrd. 1.75pc.
Normans Grp. 8¾% Cnv. Un. Ln. 99/04 4.375pc.
Oldham Corp. 4% Deb. 2pc.
Pearl Grp. 6¼% Prf. 3.125p
P & O 6.3% Cnv. Red. Prf. 3.15p
Do. 6.75% Cnv. Red. Prf. 3.375p
Port of London 3% A 29/99 1.5pc.
Powell Duffryn 4¾% Prf. 0.83125p
Raeburn Inv. Tst. 5% Deb. Irrd. 2.5pc.
Randsworth Tst. 7% Cnv. Red. Prf. 1.958p
RHM 6% 1st Prf. 2.1p
Do. 6% A Prf. 2.1p
Do. 6% B Prf. 2.1p
Ratcliffes (Gt. Bridge) 6% Prf. 2.1p
Do. 8% Prf. 2.8p
Reading Corp. 3% 1962 1.5pc.
Reckitt & Colman5% Prf. 1.75p
Renold 6% Prf. 2.1p
Rep. New York 28cts.
Rights & Issues Inv. Tst. 2.625p
Do. 7½% Prf. 5.25p
Rivlin 5.125% Cnv. Red. Prf. 2.2746574p
Romney Tst. 5% Prf. 1.75p
Rush & Tompkins 7.5% Cnv. Red. Prf. 3.75p
Saatchi 6% Cnv. Un. Ln. 3pc.
Sara Lee 30cts.
Sears 7½% Prf. 2.625p
Do. 7% A Prf. 2.45p
Do. 12½% Prf. 4.375p
Simon engineering 2.7p
Do. 6% Prf. 2.1p
Do. 4% Red. Prf. 84/96 2p
Do. 6.35% Red. Prf. 91/98 3.175p
Do. 5.4% Prf. 2.7p
Do. 7.75% Red. Prf. 92/97 3.875p
Do. 9¾% Deb. 92/97 4.825pc.
Simons & Co. 7½% Prf. 2.625p
Smelter Co's Int. Tst. 5% Prf. 1.75p
Smith (J.) 5½% Prf. 1.925p
South Australian 3% Cons. 1916 1.5pc
South Staffordshire Waterworks 2.1% Prf. 1.05p
Do. 3.5% Cons. Prf. 1.75p
Do. 2.8% Dudley Prf. 1.4p
Do. 4.2% Red. Prf. 83/88 2.1p
Do. 4.9% Red. Prf. 88/90 2.45p
Do. 3½% Perm. Deb. 1.75pc.
Do. 4% Perm. Deb. 2pc.
Do. 5% Perm. Deb. 2.5pc.
Do. 7% Red. Deb. 88/90 3.5pc.
Do. 7½% Red. Deb. 91/94 3.75pc.
Do. 7¾% Red. Deb. 91/95 3.9375pc.
Do. 9¼% Red. Deb. 98/2000 4.625pc.
Swansea Corp. 3½% 1.75pc.
Tarmac 5½% Prf. 2.75p
Tilling (Thomas) 4.55% Prf. 2.275p
Do. 5.29% Prf. 2.625p
Times Furnishing Gtd. Mtg. Deb. 88/88 3pc.
Toronto Grey & Bruce Railway 4% Mtg. Bds. 2pc.
Town Centre Secs. 9% Cnv. Un. Ln. 95/2000 4.5pc.
Truman 3% B Mtg. Deb. Red. 1.5pc.
Do. 4% Deb. Red. 2pc.
Ward White 3.5% Red. Prf. 1.75p
Wrexham & East Wtr. 3½% Cons. Deb. 1.75pc.
Xerox 75cts.
York Trailer 10% Prf. 10p

SATURDAY JANUARY 2

DIVIDEND & INTEREST PAYMENTS-

Barton Transport Dfd. 24p
Do. 8% Cum. Ptg. Prf. 1.4p
Beazer (C.H.) 6.67% Cum. Red. Prf. 2.335p
Boosey & Hawkes 5½% Red. Cum. 1st. *Prf.* 1.925p
Do. 7% Cum. Prf. 2.45p
Brown Boveri kent 4½% Cum. Prf. 1.575p
Cambridge Water 7% Red. Prf. 1989 3.5p
Do. 8% Red. Prf. 1988 4p
Centrovincial Estates 11¼% 1st. Mtg. Deb. *2016 5⅝pc.*
East Worcestershire Water 6.3% Red. Prf. 1992/94 3.15p
Do. 5% Irrd. Deb. 2½pc.
Do. 7% Red. Deb. 1989/91 3½pc.
Do. 8% Red. Deb. 1991/93 4pc.
Do. 3% Irrd. Deb. 1½pc.
Do. 4½% Irrd. Deb. 2¼pc.
Do. 5% Irrd. Deb. 2½pc.
Do. 12½% Red. Deb. 1994/96 6¼pc.
Eastbourne Water 5.6% Red. Prf. 1986/88 2.8p
Lewtex 1p
Manchester Ship Canal 3½% Perp. Deb. 1¾pc.
Do. 4% Perp. Deb. 2pc.
Do. 1st. 3½% Perp. Mtg. Debs. 1¾pc.
Do. 4% Perp. 1st. Mtg. Debs. 2pc.
Do. 4% Perp. 2nd. Mtg. Debs. 2pc.
Mid Kent Water 12¾% Red. deb. 1995 *6⅜pc.*
Do. 12¾% Red. Deb. 2005 6⅜pc.
Do. 12% Red. Deb. 1993 6pc.
Mid-Southern Water 2.45% Perp. Prf. 1.225p
Do. 6.25% Red. Prf. 1991 3.125p
Do. 9% Red. Prf. 1990 4.5p
Portals Hldgs. 6% Cum. Prf. 2.1p
Property Security Inv. Tst. 8% Cum. Prf. 4p
Rank Org 6¼% Cum. Prf. 2.1875p
Do. 8% 2nd. Cum. Prf. 2.8p
Ratners group Cnv. Cum. N/Vtg. Red. Prf. 2.925p
Rickmansworth Water 4% Mtg. Debs. 2007/28 2pc.
Telfos 9% Cum. Prf. 4.5p
Tendring Hundred Water 8¾% Red. Prf. 1996 4.375p
Do. 12% Red. Deb. 1993 6pc.
Tops Estates 10¾% 1st. Mtg. Deb. 2011/16 5⅜pc.
Towles 5% A Cum. Prf. 0.875p
Unilever 5% 1st. Cum. Prf. 1.75p
Do. 7% 1st. Cum. Prf. 2.45p
Do. 8% 2nd. Cum. Prf. 2.8p
Do. 20% 3rd. Cum. Prf. 1.75p
West Hampshire Water 3.15% Prf. 15.75p
Do. 3.85% Prf. 19.25p
Do. 4.2% Prf 21p
Do. 4% Deb. Perp. 2pc.
Do. 5% Perp. Deb. 2½pc.
Do. 11.8% Red. Deb. 1995/97 5.9pc.
West Kent Water 6.25% Prf. 1988 3.125p
Do. 8¾% Red. Prf. 1987/89 4.375p
Do. 4% Perp. Deb. 2pc.
Do. 7½% Red. Deb. 1989/91 3¾pc.
Do. 10% Red. Deb. 1993/95 5pc.
Do. 12½% Red. Deb. 1994/96 6¼pc.
West Yorkshire Independent Hospital 3p
York Water 6.75% Red. Prf. 1988 3.375p

SUNDAY JANUARY 3

DIVIDEND & INTEREST PAYMENTS-

Drayton Cons. Trust 5¼% Deb. 1983/88 2⅝pc.

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | GERMANY | GERMANY (continued) | ITALY | NETHERLANDS | NETHERLANDS (continued) | NORWAY | SPAIN | SWEDEN | SWEDEN (continued) | SWITZERLAND | SOUTH AFRICA

[illegible]

JAPAN | AUSTRALIA | AUSTRALIA (continued) | HONG KONG | SINGAPORE

[illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner

CANADA

TORONTO

Prices at 2.30pm December 29

[illegible]

MONTREAL

Closing prices December 28

[illegible]

Total Sales 1,459,781 shares

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 27

[illegible]

WE REGRET *that this listing is incomplete due to computer problems.*

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 8% 2002/06	£88⅝	+	½
Cropper (James)	200	+	10
Pearl Group	423	+	15
Telfos	111	+	13
Victor Products	190	+	45

FALLS

BOC Group	384	–	16
Bass	810	–	18
Beecham Group	443	–	17
Blue Arrow	97	–	9
Cable & Wireless	328	–	18
Cadbury Schweppes	231	–	13
Christies Intl.	415	–	25
Costain Group	269	–	20
Courtaulds	338	–	11
Grand Met	450	–	17
Guinness	283	–	12
Hawker Siddeley	443	–	21
Jaguar	328	–	17
Ladbroke	325	–	18
Lloyds Bank	249	–	11
M & G Group	264	–	32
Morgan Grenfell	271	–	16
Rover Group	64	–	10
Saatchi & Saatchi	412	–	22
Smiths Inds.	218	–	16
Willis Faber	229	–	16

Indices

NEW YORK DOW JONES

	Dec. 28	Dec. 24	Dec. 23	Dec. 22	1987 High	1987 Low	Since compilation High	Since compilation Low
♦Industrials	1942.97	1999.67	2005.64	1978.45	2722.42 (25/8)	1738.42 (19/10)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	86.45	86.55	86.25	86.08	95.51 (9/2)	81.26 (19/10)	–	–
Transport	753.57	770.29	774.00	770.43	1101.16 (14/8)	661.00 (4/12)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	174.25	175.79	177.34	176.74	227.83 (22/1)	160.98 (19/10)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 1966.18 (u) Low 1921.92 (1985.74)

STANDARD AND POOR'S								
Composite ‡	245.57	252.02	253.16	249.95	336.77 (25/8)	223.92 (4/12)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	284.27	292.38	293.53	289.04	393.17 (25/8)	255.43 (4/12)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	21.31	21.73	21.91	21.60	32.43 (25/8)	20.39 (7/12)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	137.50	140.85	141.36	139.44	187.99 (25/8)	125.91 (4/12)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. value	256.64	260.90	260.44	256.55	365.01 (13/8)	231.90 (4/12)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	325.60	333.06	331.48	327.30	455.28 (26/8)	291.90 (28/10)	455.28 (26/8/87)	54.87 (31/10/72)

	Dec. 24	Dec. 18	Dec. 11	year ago (approx.)
Dow Industrial Div. Yield	3.46	3.50	3.69	3.59
	Dec. 16	**Dec. 9**	**Dec. 2**	**year ago (approx.)**
S & P Industrial div. yield	3.13	3.24	3.86	2.94
S & P P/E ratio	15.88	15.25	14.73	17.99

TRADING ACTIVITY † Volume

Millions	Dec. 28	Dec. 24	Dec. 23
New York	132.173	109.420	203.874
Amex	12.461	8.820	15.260
OTC	115.518	82.012	164.083

NEW YORK	Dec. 28	Dec. 24	Dec. 23
Issues Traded	1,958	1,891	1,979
Rises	273	756	1,163
Falls	1,381	697	465
Unchanged	304	438	351
New Highs	0	5	7
New Lows	38	21	22

CANADA

TORONTO	Dec. 28	Dec. 24	Dec. 23	Dec. 22	1987 High	1987 Low
Metals & Minerals	2713.1	2780.9	2771.8	2707.2	3507.5 (5/10)	1988.2 (2/1)
Composite	3139.7	3207.8	3200.1	3156.6	4112.9 (13/8)	2843.9 (10/11)
MONTREAL Portfolio	1597.17	1628.63	1627.12	1684.43	2224.77 (16/7)	1435.94 (26/10)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Sthn. Cal. Edison	3,654,200	30⅞	– ⅛
Common'th Ed	4,960,000	27⅞	– ⅞
AT&T	1,503,400	26¾	– ⅜
General Electric	1,396,700	44⅞	– 1⅛
Bank of America	1,217,400	6⅞	– ⅛
US Shoe	1,200,900	13¼	– 1
Computervision	1,172,800	13¼	+ 4¼
Salomon	1,131,600	19	+ ⅛
Navistar	1,101,500	4¼	– ⅛
IBM	1,086,700	115¾	– 4⅞

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

	Dec. 29	Dec. 28	Dec. 24	Dec. 23	1987 High	1987 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1304.8	(c)	1313.0	1287.5	2305.9 (21/9)	1151.0 (11/11)
All Mining (1/1/80)	782.1	(c)	781.3	774.3	1462.4 (14/10)	586.9 (11/11)
AUSTRIA						
Credit Aktien (30/12/84)	182.16	180.59	(c)	180.35	292.19 (22/9)	172.01 (11/11)
BELGIUM						
Brussels SE (1/1/84)	3618.6	3634.9	3668.1	3579.5	5412.2 (13/8)	3503.8 (18/12)
DENMARK						
Copenhagen SE (3/1/83)	(u)	(u)	(c)	183.41	229.76 (27/8)	179.60 (20/11)
FINLAND						
Unitas General (1975)	553.9	544.6	(c)	543.7	679.1 (15/10)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	279.9	286.5	(u)	289.7	460.4 (26/3)	270.3 (11/12)
Ind. Tendance (31/12/86)	72.4	72.9	(u)	79.8	117.2 (26/3)	69.6 (10/12)
GERMANY						
FAZ Aktien (31/12/58)	420.62	428.4	(c)	439.52	676.84 (6/1)	400.13 (10/11)
Commerzbank (1/12/53)	1285.7	1312.3	(c)	1349.6	2061.1 (7/8)	1220.9 (10/11)
HONG KONG						
Hang Seng Bank (31/7/64)	2301.27	2286.75	2379.07	2325.55	3949.73 (1/10)	1894.94 (7/12)
ITALY						
Banca Com. Ital. (1972)	485.10	489.89	(c)	504.97	767.34 (30/4)	476.27 (10/11)
JAPAN **						
Nikkei (16/5/49)	(c)	21564.00	22541.37	22693.85	26646.43 (14/10)	18544.00 (13/1)
Tokyo SE New (4/1/68)	(c)	1725.83	1807.52	1819.23	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP-CBS General (1970)	207.3	210.3	217.0	214.0	334.1 (14/8)	192.2 (10/11)
ANP-CBS Industrial (1970)	158.2	160.5	164.5	162.9	280.8 (11/8)	147.5 (10/11)
NORWAY						
Oslo SE (4/1/83)	328.84	340.61	(c)	339.93	592.84 (21/9)	307.48 (10/11)
SINGAPORE						
Straits Times Ind. (30/12/66)	810.9	824.3	(c)	838.1	1585.4 (26/8)	700.4 (7/12)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	(u)	(u)	(u)	2499.0 (3/8)	1448.0 (5/11)
JSE Industrial (28/9/78)	(u)	(u)	(u)	(u)	2266.0 (16/10)	1402.0 (23/11)
SPAIN						
Madrid SE (30/12/85)	223.39	224.43	(c)	234.20	325.44 (6/10)	201.08 (4/12)
SWEDEN						
Jacobson & P. (31/12/56)	2146.3	2175.2	(c)	2224.6	3550.4 (9/10)	2068.6 (10/11)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	470.8	474.8	(c)	486.1	729.7 (5/10)	450.9 (10/11)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	406.4	(u)	412.4	495.9 (27/8)	361.3 (2/1)

** Saturday December 26: Japan Nikkei 21535.44 . TSE 1717.51

Base values of all indices are 100 except Brussels SE – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Metals – 500; (c) Closed. (u) Unavailable.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25 5/8	14	AAR s	.36	1.9	17	392	18 3/4	17 3/4	18 3/4	-1/4
32 1/2	19	AFG s	.16	.6	9	910	27 7/8	27 1/4	27 1/4	-3/4
27	10 1/2	AGS s			14	358	16 1/4	15	15 3/4	-1/2
10 1/2	6 3/4	AMCA				2	6 5/8	6 5/8	6 5/8	
9 5/8	3 1/4	AM Intl			33	752	4 3/4	4 5/8	4 5/8	
65 1/2	26 3/4	AMR			10	3751	35 7/8	35 1/4	35 1/2	-1/2
27 1/2	24 7/8	ANR pf	2.67	11.		3	25 1/8	25 1/8	25 1/8	-1/8
25	19	ANR pf	2.12	10.		1	20 5/8	20 5/8	20 5/8	-7/8
12 1/4	6 3/8	ARX s			7	188	7 1/4	7 1/8	7 1/8	-1/8
73 1/2	35 1/8	ASA	2a	4.0		552	51 1/4	49 3/4	50 1/8	-1
22 3/8	9 1/2	AVX			18	262	14 7/8	14 3/8	14 1/2	-1/2
67	40	AbtLab	1	2.1	18	2449	46 7/8	46 1/8	46 5/8	-1/2
28	15 3/8	Abitibi g				489	20 3/4	20 1/4	20 3/8	-5/8
16 3/4	8 1/2	AcmeC	.40	3.4	17	104	11 7/8	11 3/4	11 3/4	-1/8
10 1/2	6 1/8	AcmeE	.32b	4.3	26	63	7 1/2	7 1/8	7 1/2	+1/8
20	14 1/8	AdaEx	3.44e	23.		161	15	14 3/4	14 7/8	+1/8
19 1/2	6 7/8	AdamM	.24	2.7	7	54	9 1/8	8 7/8	9	+1/8
35	17 1/2	AdvSys			14	597	31 1/4	30 1/2	31	-3/4
24 7/8	7 1/2	AMD				3166	10	9 5/8	9 5/8	-1/4
56 3/4	29 1/4	AMD pf	3	10.		281	30 1/2	29 3/4	29 3/4	-1
11 7/8	4 5/8	Adobe				496	5 1/4	5	5	
21 7/8	17 1/2	Adob pf	2.40	12.		27	19 1/2	19 1/4	19 1/2	+1/4
15	6 1/8	Advest	.12a	1.8	5	439	6 3/4	6 1/2	6 5/8	-1/8
68 1/4	43 3/4	AetnLf	2.76	6.2	6	1402	44 3/4	44 1/4	44 3/8	-1/4
83 1/2	34 3/4	AfilPb s	.40	.8	8	158	53 1/2	52 3/8	52 3/8	-1
26 7/8	13	Ahmans	.88	5.8	6	2334	15 3/8	15	15 1/4	+1/8
5 3/8	1 3/4	Aileen				341	2 1/8	1 7/8	1 7/8	-1/8
53 7/8	29	AirPrd	1	2.5	14	1225	39 7/8	39 1/4	39 5/8	-1/2
35	11 1/8	AirbFrt	.60	4.1	9	281	14 3/4	14 1/2	14 1/2	
16 1/2	6 3/4	Airgas			14	113	9 3/4	9 5/8	9 1/2	
19 1/2	13 1/2	Airlease	2.16e	15.	8	83	15	14 1/2	14 1/2	-1/4
15-32	5-16	AlMoan			31	38	5-16	5-16	5-16	
10 3/4	7 3/8	AlaP	dpf.87	9.4		40	9 1/4	9	9 1/4	+1/8
106 7/4	81 1/2	AlaP pf	9	10.		z50	89	89	89	
108	86 1/2	AlaP pf	9.44	9.8		z10	96	96	96	+1
104	76	AlaP pf	8.16	9.8		z110	83	83	83	+1
27 7/8	12 1/4	AlskAir	.16	1.2	18	473	13 3/4	13 1/4	13 1/2	-1/8
28 1/4	14 3/4	Alberto	.24	1.2	16	21	20 1/2	20 1/4	20 1/2	+1/4
24	12 5/8	AlbCul	.24	1.5	12	152	15 1/2	14 7/8	15 1/2	+1/4
34	20 1/4	Albtsn s	.45	1.8	15	416	26 5/8	26	26	-5/8
37 7/8	18	Alcan s	.45i	1.7	13	2417	27 3/8	26 3/4	26 7/8	-1/4
30	15 1/4	AlcoS s	.68	3.3	11	723	21	20 5/8	20 5/8	-1/8
32	15 7/8	AlexAlx	1	5.7	12	1460	17 3/4	17 3/8	17 1/2	-1/8
59	34 3/4	Alexdr			118	36	40 1/4	39 1/2	40 1/4	+3/4
92 1/2	48 1/2	AllegCp			6	121	70	69 1/4	70	
24 3/4	2 1/8	AlgInt				705	2 3/4	2 1/2	2 5/8	-1/4
20 1/8	5 1/4	AlgIn pr				29	6 5/8	6 1/2	6 1/2	
88 1/2	20	Algl pfC				41	25	24 1/2	24 1/2	-1/2
34	15 1/8	AlgLudn	.20e	.8		111	25 1/4	24 3/8	25	+3/8
49	31 3/8	AllgPw	3	8.2	9	1037	37	36	36 1/2	+1/2
105 7/8	52	Allegis	.75j		35	1487	70 3/4	70 3/8	70 1/2	-1/4
19 3/4	5 1/2	AllenG	.56j			540	8 7/8	8 3/4	8 3/4	-1/8
24 7/8	9 1/4	Allen pf	1.75	14.		261	13	12 3/4	12 3/4	
44	12 3/8	AlldPd			6	74	13	12 3/4	12 7/8	-1/4
49 1/4	26	AldSgnl	1.80	6.3	8	2707	29	28 3/8	28 1/2	-3/8
3 3/4	1	vjAllisC				710	1 1/4	1 1/8	1 1/8	
37 1/2	4 3/4	AlisC pf				188	5 1/8	5	5 1/8	
10 1/8	8 7/8	AlstMun	.11e	1.1		268	9 3/4	9 5/8	9 3/4	
34 1/8	23	ALLTL	s1.52	5.5	14	1248	28 1/4	27 3/4	27 7/8	-1/8
64 3/4	33 5/8	Alcoa	1.20	2.5		1796	48 1/4	47 3/8	47 7/8	-3/8
32	14	AmxG	n.04e	.2		140	25 3/8	24 5/8	25 3/8	+3/4
29 1/4	11 7/8	Amax			7	1657	20 1/8	19 3/8	20	+1/2
47 3/4	34	Amax pf	3	7.7		2	39	39	39	
41 7/8	21 1/2	AmHes	.45e	1.8	9	1688	26 1/8	25 5/8	25 5/8	-3/8
30 3/8	7 3/8	ABrck	s.05e			242	21 1/8	20 5/8	20 5/8	-3/8
60	36 1/2	AmBrnd	2.20	5.2	10	1148	43 1/8	41 7/8	42	-5/8

Continued on Page 27

NYSE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16½	8¾	WolvTc	.20	1.9	7	98	10⅝	10½	10½	
14	7½	WolvrW			51	252	9	8¾	8¾	−⅛
59⅝	28½	Whelb	s1.32	4.0	9	1090	34⅝	32⅞	33	−1¼
9⅝	4	WrldCp				177	6½	6⅜	6⅜	−½
19½	10⅝	WrldVl				186	12¼	11⅞	11⅞	
70	39	Wrigly	1.04a	1.6	21	60	65½	65⅜	65½	+¼
3⅜	1	Wurlitzr				351	2	1⅞	1⅞	−⅛
17½	7	WyleL	s .28	2.4	22	223	12⅛	11½	11⅞	−⅛
30⅝	14½	Wynns	.60	3.5	13	50	17½	17⅛	17¼	−⅛
		X Y Z								
65	60	Xerox	3	5.2	12	1621	57¾	57⅛	57⅝	+⅛
58¼	52½	Xerox	pf5.45	10.		16	53⅜	53	53	−⅛
31½	19⅞	XTRA	.64	2.9	15	102	22¼	21⅝	22¼	+⅛
28¼	19½	XTRA	pf1.94	9.2		20	21½	21⅛	21⅛	−½
33⅞	16¼	Yorkln			10	144	23¾	23½	23⅝	
7¼	2¼	Zapata				984	2¾	2½	2¾	
37	13½	Zayre	.40	2.8	5	2828	14¾	14¼	14½	−⅜
16⅛	6¾	Zemex	.40	4.1	9	27	9⅞	9¼	9⅞	+¾
33⅝	10	ZenithE				627	15⅛	14⅞	14⅞	+⅛
13½	2⅝	ZenLab				1709	3⅛	2⅞	2⅞	−¼
25½	13½	ZeoNtl	.80	5.2	8	234	15½	14⅞	15½	
20⅝	11⅝	Zero	.36	2.3	15	114	15½	15⅛	15⅜	−⅛
30¾	15	Zurnln	s .88	3.7	12	294	18⅞	18⅜	18½	−⅛
10⅝	7⅝	Zweig	.92a	10.		346	9	8¾	8⅞	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Alphaln			209	4¼	3⅞	3¾	−½
Alza		134	542	26¾	25⅞	26¾	+⅝
Amdahl	.20	15	468	35⅝	34⅞	35¼	+⅛
AIsrael	.31e	7	2	19½	19½	19½	−¼
AMzeA	.52	6	282	13	11⅞	12¾	−¼
AMzeB	.52	5	70	12⅜	12	12	−⅜
AMBld			374	1¾	1½	1⅝	+⅛
APetf	.50e	10	20	56	55⅞	55⅞	−⅜
APrec	.20	50	2	14⅛	14	14⅛	
AScIE		131	62	2¾	2½	2⅝	+⅛
Ampal	.06	4	53	1⅞	1¾	1¾	
Andal			63	4	d 3⅞	3⅞	−⅛
AndJcb			178	⅞	⅞	⅞	
ArizCm			32	4¾	4½	4½	
Armtrn			210	1⅝	1½	1⅝	

WE REGRET that Amex prices are incomplete in this edition due to computer problems.

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
InstSy		7	556	1¼	1⅛	1⅛	
InsSypf	.25e		16	2	d 1⅞	1⅞	−⅛
IntlgSy	1.11e	4	257	4½	4¼	4⅜	−⅛
IntClyg	.72	5	29	12	11⅞	12	+⅛
Intrmk	.11	94	31	7⅝	7½	7½	−¼
IntBknt			1303	2⅜	2¼	2⅜	+⅛
IntPwr			47	4⅞	4¼	4¼	−⅝
IroqBrd		8	42	16⅝	16⅝	16⅝	
J K							
Jacobs		21	26	17⅜	17	17	−½
Jetron			23	2⅝	2½	2½	
JohnPd		15	32	2¾	2½	2⅝	
KayCp	.12	4	9	8⅞	8¾	8¾	−¼
KeyCoA	.05e	106	12	2⅛	2⅛	2⅛	+⅛

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 25

FINANCIAL TIMES

Wednesday December 30 1987

AMERICA

Dow drifts lower as markets pause for a breather

Wall Street

US SECURITIES markets turned dull yesterday as they consolidated after Monday's substantial dollar-related selling and maintained a cautious stance before the extended holiday weekend, *writes Janet Bush in New York.*

At 2pm, the Dow Jones industrial average stood 10.61 lower at 1,932.36.

Volume was again very light. The size of Monday's fall was somewhat deceptive as many institutional players and traders were still absent from business due to Christmas celebrations. Almost the whole of the 56.70 point fall in the index on Monday had occurred in the first hour of trading and was purely related to the sharp fall in the dollar in Far Eastern markets.

The dollar yesterday remained weak but was quoted some way above the record lows posted on Monday after a further round of supportive intervention by a number of central banks, including modest dollar purchases by the US Federal Reserve.

Equity traders saw Monday's fall in stock prices partly as a correction to what was regarded as an overbought position after the market's significant pre-Christmas rally. Few expected such large movements to occur for the rest of this week.

The largest downward movement in the US Treasury bond market on Monday also happened early in the morning, after which the prices recovered and stabilised. The bond market is likely to remain uneasy about the very modest level of Fed intervention to support the dollar this week but few traders are willing to take aggressive short positions.

There was also some caution prior to the announcement expected yesterday of the Treasury's seven-year note auction with signs so far of negligible interest from foreigners. At mid-session, the Treasury's 30-year 8.875 per cent benchmark issue stood ¼ point higher, yielding 8.96 per cent.

Another layer of uncertainty was added to the market by a new Treasury financing plan designed to help Mexico cut its foreign debt to commercial banks. Analysts at Griggs & Santow point out that the zero coupon issues the Treasury will sell to Mexico will use up part of its new $20bn issuing authority but it is not yet clear how much.

The Mexico plan was seen as a bullish factor for money centre bank shares on the equity market. Citicorp moved up $1/14 to $18¾, Bankers Trust rose $1⅜ to $30⅜ and J P Morgan was $1⅝ higher at $34⅜.

Farm Fresh was a featured stock in over the counter trading, rising $2⅛ to $12 after news a group including several executives from Rite Aid Corp were interested in starting talks on a possible negotiated acquisition of the company.

US: Best and worst performing share prices, % change in $ terms, Dec 31 1986 to Dec 28 1987

TOP TEN	
Bethlehem Steel	176.5
Reynolds Metals	136.3
Armco	122.0
Phelps Dodge Corp	113.3
Microsoft Corp	112.4
Apple Computer	98.8
Asarco	89.1
Newmont Mining	83.2
Intel	78.6
Neutrogena Corp	74.1
BOTTOM TEN	
Tonka Corp	-54.1
Ames Dept Stores	-54.5
Beverly Enterprises	-55.0
Fieldcrest Cannon	-57.5
Subaru	-69.5
Universal Matchbox	-71.5
Allied Bancshares	-76.6
Maxicare Health	-78.4
Hall (F.B)	-79.1
Republicbank Corp	-80.9

Figures provided by Wood Mackenzie & Co. Ltd.

● The table above lists the 10 best and 10 worst performing stocks of 1987. The top 10 include two steel companies, four metals manufacturers, three software companies and – the odd one out – a manufacturer of skin care products.

The top placing of steel companies reflects the renaissance now underway in the industry after the shake-out during the early 1980s when the dollar was severely overvalued.

The bottom 10 are a more varied bunch, but they reflect a post-crash lack of confidence in parts of the financial sector – there are two bank holding companies and an insurance concern – and the waning power of the US consumer. Two toy manufacturers make the list as well as a retailer and a manufacturer of household linen. Two companies involved in health care also appear.

The list is completed by Subaru, a distributor of Japanese cars, possibly reflecting squeezed margins in the motor industry, even for the Japanese.

Canada

FALLS IN gold and base metal stocks led Toronto slightly lower in thin turnover.

In the gold sector, International Corona lost C$¼ to C$45½ and Echo Bay shed C$⅜ to C$30¼, while miners saw Alcan drop C$⅛ to C$35⅛ and Inco slip C$⅛ to C$28⅜.

Energy, forest products and banks were all mixed, while a number of blue chips remained steady.

Montreal and Vancouver both fell back.

Carla Rapoport examines the mysterious movements of a market that has left many foreign investors baffled this year

Worries that lie beneath Tokyo's bright surface

TO THE FOREIGN investor, Tokyo was surely the most misunderstood stock market in the world in 1987.

First, Tokyo was supposed to kick-off a worldwide plunge in equities because its own prices had overheated more than those anywhere else. It did not happen.

Second, and for the same reason, when the crash did arrive, Tokyo was supposed to fall further than other markets. That did not happen.

Third, in the eyes of the average foreign investor, Tokyo's continued strength only meant that a fresh collapse there was imminent. Such a collapse would bury the rest of the world's stock market in a rout that would make Black Monday look like a picnic. That did not happen either. Or, to be more specific, it has not happened yet, although the sharp slide of the past few days could well indicate that the force which holds Tokyo together – strong co-ordination and co-operation between the country's leading brokers, leading fund managers and the Ministry of Finance – is beginning to weaken.

Certainly, there are plenty of fundamental reasons for worrying. However, so far, it has been the Japanese who have got it right – or at least not got it wrong. While foreign investors were selling in droves, they have been buying. And although the spectacle of the past few days has not been encouraging, the record is still impressive. By this Monday's close, equity investments in Japan had outperformed those in any other major market worldwide. Since Black Monday in October, prices have fallen by about a fifth compared to declines of 30 per cent or more elsewhere.

For Japanese investors, the market closed the year a respectable 15 per cent ahead of its starting point. In dollar terms, it climbed nearly 50 per cent, thanks to the ever rising value of the yen. These kinds of results are enough to make international fund managers feel fairly sheepish this holiday season.

Nonetheless, there are significant bearish factors hanging over Tokyo. It is extremely hard to get Japanese to discuss them – it is almost unpatriotic to consider a collapse of the Tokyo market in Japan. But these factors should provide something to watch in the coming months.

Japan: Best and worst performing share prices, % change in yen terms, Dec 31 1986 to Dec 28 1987

TOP TEN	
Tokyo Steel	482.0
Koito Manufacturing	193.3
Japan Synthetic Rubber	184.6
Nippon Zeon	143.9
Nippon Stainless Steel	143.3
Tokyo Rope	142.0
Mitsubishi Petrochem	134.9
Nippon Yakin Kogyo	131.7
Nagase	121.0
Nippon Steel	114.2
BOTTOM TEN	
Kansai Electric Power	-32.8
Mitsubishi Estate	-33.0
Shiseido	-33.3
Chubu Electric Power	-34.4
Secom	-34.4
Tokyo Electric Power	-34.8
Tohoku Electric Power	-34.9
Sumitomo Realty	-37.4
CSK Corp	-42.4
Mitsuboshi Belting	-50.7

Figures supplied by Wood Mackenzie & Co. Ltd.

The first worrying pressure in Tokyo is the large margin, or borrowed, position which overhangs the market. On Black Monday, Japanese investors, largely individuals, bought heavily on margin as foreigners rushed to sell their shares. This margin position amounts to about Y6,600bn ($52bn) and it has to be unwound within six months of purchase, that is, by mid-April. Although this sum was only 1.64 per cent of market capitalisation at the end of November, it is worryingly high if prices do not improve and investors have to sell stock to meet their obligations.

An added factor in this equation is Nippon Telegraph and Telephone, the mega-stock which the Government sold at Y2.44m a share in November. Many investors borrowed to buy NTT, thinking the highly valued communications company could only go up in price. In fact, it has scarcely moved since the issue, until the last few days when it tumbled steadily to Y2.16m. If that price does not improve, selling pressure could intensify in the spring.

Coming up around the same time, Japan's huge money trusts, the Tokkin funds, have to report their profits for the year by the end of March. These funds guarantee a return of 7 to 8 per cent to their investors but are currently sitting on unrealised losses of up to 20 and 30 per cent. Tokkin fund managers are already worried about large-scale redemptions at the end of March and were among the main sellers in the past few days as they sought to realise profits, fearing that prices would move lower in the new year.

Brokers in Tokyo say neither of these factors has to add up to a doomsday scenario of massive selling. Some expect the Ministry of Finance to lend a hand by easing margin requirements, allowing investors to roll over their obligations for another six months. There is also hope that the ministry will loosen the new regulations on reporting profits for the Tokkins, so this year's losses can be fudged.

However, that leaves one factor which the Ministry of Finance cannot guide as easily: liquidity. Nomura, Japan's largest stockbroker, argues that liquidity will increase in Japan this year for a number of reasons. But even the most bullish brokers in Tokyo admit there is no divine hand which continually guides excess money into equities. It could just as easily go into bank deposits, Van Gogh paintings, new factories or New York skycrapers.

Japanese money has been flowing into Tokyo for the last two years for the simple reason that the market kept going up. Now that it is going sideways, there could well be less interest. Trading volume plummeted in November by 60 per cent compared to the same period the previous year.

Furthermore, Japan's growing economy is putting more call on funds for capital spending in Japan and abroad. The country is cutting its current account surplus, albeit slowly, which will also reduce funds available for investment.

Tokyo brokers argue that these pressures cannot outweigh the fact that Tokyo is now the largest market in the world and foreigners cannot afford to ignore it. The spring is still three months away and a rally between now and then would relieve the pressures on the big funds and over-extended investors. The next few months may settle the question of whether Tokyo's market really is different

EUROPE

Dollar's losses continue to spread despondency

THE MOOD of quiet depression persisted in Europe yesterday as widespread central bank intervention again failed to provide more than temporary support for the sinking dollar.

FRANKFURT remained under pressure from the US currency, which was again fixed at a record low against the D-Mark before picking up slightly after the central banks stepped in.

Turnover was again very thin. The Commerzbank index at mid-session showed a 26.6 fall to 1,285.7 and the FAZ index closed 7.78 lower at 420.62.

Deutsche Bank was one of the main losers, falling DM9.50 to DM386.50, while the car sector saw BMW drop DM10 to DM451 and Porsche shed DM8 to DM420. Conti Gummi continued its fall with a DM10.80 loss to DM200.20.

Bonds ended quietly mixed, with the new DM5bn federal bond adding to pressures on the market. The Bundesbank sold DM68.2m worth of paper after selling DM82.3m on Monday.

PARIS moved slightly lower, with professionals responsible for the little trading there was. The CAC General index shed 6.6 to 279.9 as the dollar and Wall Street's overnight losses weighed on sentiment.

Against the general trend, Elf Aquitaine managed a FFr7 gain to FFr230 and Esso SAF added FFr14 to FFr299 in the oil sector.

AMSTERDAM was one of the few markets to gain as investors took heart from the limited losses in early trading on Wall Street and trading was enlivened by another publishing bid. The CBS all-share index shrugged off the dollar's record low fix against the guilder and edged up in later trading to close 0.8 higher at 85.7.

Despite the more positive mood, volume remained very thin.

Trading was suspended in VNU, which later announced an agreed takeover bid for fellow publisher Audet, also suspended.

ZURICH was mixed to lower in minimal trading, as most operators have closed their books for the year. The Credit Suisse stock index shed 6.3 to 413.1.

Mixed banks saw a SFr25 loss for Union Bank to SFr2,975 while Credit Suisse added SFr5 to SFr2,430. Insurer Swiss Re put on SFr300 to SFr12,100 but Zurich Insurance lost SFr50 to SFr5,175.

BRUSSELS regained some ground after early falls and the stock index ended 16.32 lower at 3,618.62. Petrofina was off BFr150 at BFr8,350 but holding Reserve was one of the winners, adding BFr80 to BFr2,280.

MILAN picked up a little volume in nervous trading which took the market index only marginally lower. Montedison fell L70 to L1,220 and Fiat was off L210 at L8,180.

STOCKHOLM fell in quiet trading. **OSLO** saw a spurt of activity in the wake of Wall Street's losses on Monday and this drove the all-share index 7.03 lower to 245.45.

HELSINKI moved higher against the European trend in quiet trading, while **MADRID** ended generally lower in an uncertain session.

London

EQUITIES plunged amid worries over the dollar. The FT-SE 100 index lost 60.8 to 1,730.3, its largest daily loss this month, in low turnover.

ASIA

Hong Kong alone scores gains in lacklustre trade

WITH TOKYO closed for the New Year holiday, Asian and Pacific markets suffered listless trading yesterday. Hong Kong managed to recoup some of Monday's sharp losses, but both Sydney, back from its own Christmas holiday, and Singapore moved lower.

Hong Kong

AFTER AN unhappy start, share prices in Hong Kong picked up on bargain-hunting and the Hang Seng index closed 14.52 higher at 2,301.27.

Trading volume fell back to HK$596m from HK$867m on Monday.

Hang Seng index futures gained ground, with December contracts up 35 at 2,315.

Among the blue chip stocks to gain were Cheung Kong, 15 cents higher at HK$6.85, Swire Pacific A shares, up 20 cents at HK$15.20, and Hang Seng Bank, 30 cents ahead at HK$27.50.

Australia

THE MARKET holiday on Monday meant that Sydney had to contend with the double impact of the dollar's sharp fall and Wall Street's setback overnight. The All Ordinaries index dropped 9 points in consequence, finishing at 1,303.9 but up from its lows.

Trading was a thin 69m shares and profit-taking was the dominant force following last week's gains.

Among situation stocks, Elders Resources gained 40 cents to A$2.25, compared with the proposed cash offer of A$2.50 a share from NZ Forest Products. NZFP was unchanged at A$2.80 and Elders IXL, major shareholder in Elders Resources, put on 5 cents to A$3.25.

North Broken Hill Holdings added 9 cents to A$2.59 while its merger target Peko-Wallsend put on 10 cents to A$7.40.

News Corp dropped 80 cents to A$11.40 and TNT lost 17 cents to A$3.88.

Singapore

PROFIT-TAKING sent Singapore gently lower in lacklustre trading of only 19m shares as the dollar and Wall Street weighed on sentiment. The Straits Times industrial index ended 13.45 down at 810.92.

Malayan Credit, a subject of takeover rumours, was the most active stock, easing 1 cent to S$1.23 on 1m shares.

The Stock Exchange of Singapore announced it would introduce a graduated system of commissions on January 4 to replace the existing 1 per cent rate even though the Kuala Lumpur Stock Exchange will not do likewise.

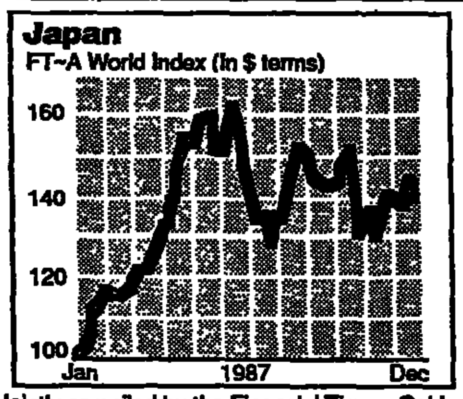
SOUTH AFRICA

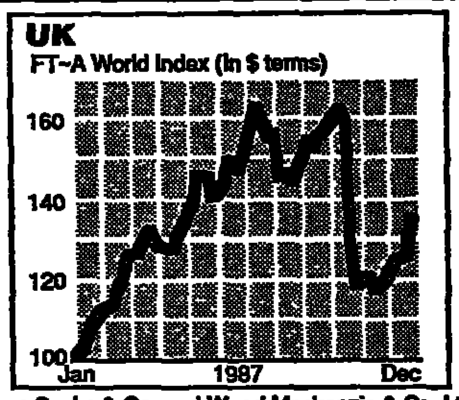
THE FIRM bullion price again helped Johannesburg gold shares to a higher close. Some interest was reported from London, but otherwise trading was mostly thin and cautious.

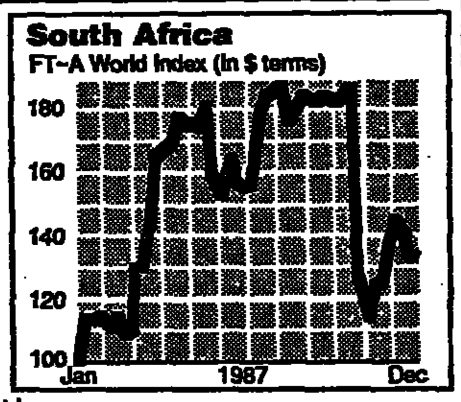
Among golds, Vaal Reefs added R4 to R359, Randfontein R2 to R282 and Driefontein 75 cents to R42.

Diamond stock De Beers was off 25 cents at R29.75 and platinums were mixed.

THE YEAR IN FOCUS







Jointly compiled by the Financial Times, Goldman Sachs & Co. and Wood Mackenzie & Co. Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY DECEMBER 28 1987					THURSDAY DECEMBER 24 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (88)	103.18	+0.1	82.22	95.98	4.30	103.09	83.66	95.98	180.81	85.36	99.33
Austria (16)	98.99	+3.3	78.88	82.02	2.48	95.84	77.77	81.65	102.87	85.53	96.67
Belgium (48)	101.55	+0.8	80.92	83.97	5.53	100.75	81.76	84.97	134.89	94.63	96.97
Canada (127)	110.17	−1.2	87.79	103.98	2.98	111.55	90.52	105.53	141.78	98.15	100.48
Denmark (38)	114.78	+1.9	91.46	96.02	3.01	112.59	91.36	96.59	124.83	98.18	98.48
France (121)	86.13	−1.5	68.63	73.10	3.57	87.44	70.95	75.57	121.82	77.39	101.63
West Germany (93)	77.01	−0.4	61.37	63.91	2.91	77.34	62.76	65.60	104.93	68.91	97.60
Hong Kong (46)	88.77	−3.3	70.74	88.50	5.60	91.84	74.53	91.59	158.68	73.92	97.99
Ireland (14)	106.49	+0.0	84.86	92.14	4.92	106.49	86.42	92.14	160.22	93.50	97.66
Italy (94)	77.52	−1.4	61.77	68.14	2.76	78.62	63.80	70.40	112.11	72.04	97.98
Japan (457)	139.38	−2.3	111.07	108.46	0.63	142.64	115.75	113.65	161.28	100.00	98.03
Malaysia (36)	109.59	−0.2	87.33	104.95	3.43	109.78	89.08	105.55	193.64	93.76	100.64
Mexico (14)	99.73	−2.7	79.47	249.43	1.22	102.46	83.14	252.05	422.59	99.72	100.37
Netherland (37)	98.27	−2.1	78.31	80.58	5.46	100.40	81.47	84.16	131.41	87.70	99.05
New Zealand (20)	76.70	+2.0	61.12	61.48	5.38	75.17	61.00	61.48	138.99	73.39	98.39
Norway (24)	102.91	+2.0	82.01	87.40	3.07	100.93	81.90	87.40	185.01	95.51	98.16
Singapore (26)	97.47	−1.1	77.67	89.75	2.70	98.57	79.99	90.80	174.28	81.21	100.86
South Africa (61)	133.41	+1.4	106.31	91.41	4.67	131.56	106.76	90.14	198.09	100.00	100.42
Spain (43)	131.09	−2.1	104.46	107.65	3.81	133.88	108.64	112.07	168.81	100.00	98.04
Sweden (34)	99.19	+0.0	79.04	85.61	2.62	99.22	80.52	87.18	136.64	88.50	97.56
Switzerland (53)	82.88	−0.5	66.05	66.27	2.44	83.29	67.59	68.37	111.11	73.65	97.41
United Kingdom (332)	136.76	+1.8	108.98	108.98	4.20	134.30	108.98	108.98	162.87	99.65	98.07
USA (580)	99.91	−2.5	79.61	99.91	3.71	102.51	83.18	102.51	137.42	91.21	102.21
Europe (947)	105.82	+0.4	84.33	86.65	3.82	105.39	85.52	87.98	130.02	92.25	98.29
Pacific Basin (673)	136.01	−2.2	108.38	107.03	0.84	139.09	112.87	111.95	158.77	100.00	98.10
Euro-Pacific (1620)	123.99	−1.3	98.80	98.85	1.86	125.66	101.97	102.36	143.65	100.00	98.17
North America (707)	100.45	−2.5	80.05	100.16	3.67	102.99	83.57	102.70	137.55	91.68	102.12
Europe Ex. UK (615)	86.64	−0.9	69.04	72.54	3.45	87.46	70.97	74.75	111.97	78.89	98.42
Pacific Ex. Japan (216)	95.39	−1.0	76.02	89.69	4.68	96.35	78.19	90.76	164.03	82.92	98.89
World Ex. US (1822)	123.60	−1.3	98.50	99.07	1.93	125.23	101.62	102.46	143.38	100.00	98.28
World Ex. UK (2070)	112.23	−2.1	89.43	98.34	2.33	114.67	93.05	101.80	138.82	100.00	99.98
World Ex. So. Af. (2341)	114.29	−1.7	91.08	99.39	2.51	116.32	94.39	102.54	139.47	100.00	99.81
World Ex. Japan (1945)	102.47	−1.3	81.66	95.10	3.77	103.87	84.29	97.08	134.22	92.98	100.66
The World Index (2402)	114.42	−1.7	91.18	99.36	2.53	116.42	94.47	102.48	139.73	100.00	99.81

Base values: Dec 31, 1986 = 100

Markets closed December 24: Austria, Denmark, West Germany, Italy, Malaysia, Norway, Singapore, Spain, Sweden & Switzerland.Markets closed December 28: Australia, Ireland, New Zealand & U.K. Latest prices were unavailable for this edition.

As the result of reproduction problems in the first edition of last Thursday's paper, the Christmas Crossword was partly illegible. It is reprinted below.

FT CHRISTMAS CROSSWORD

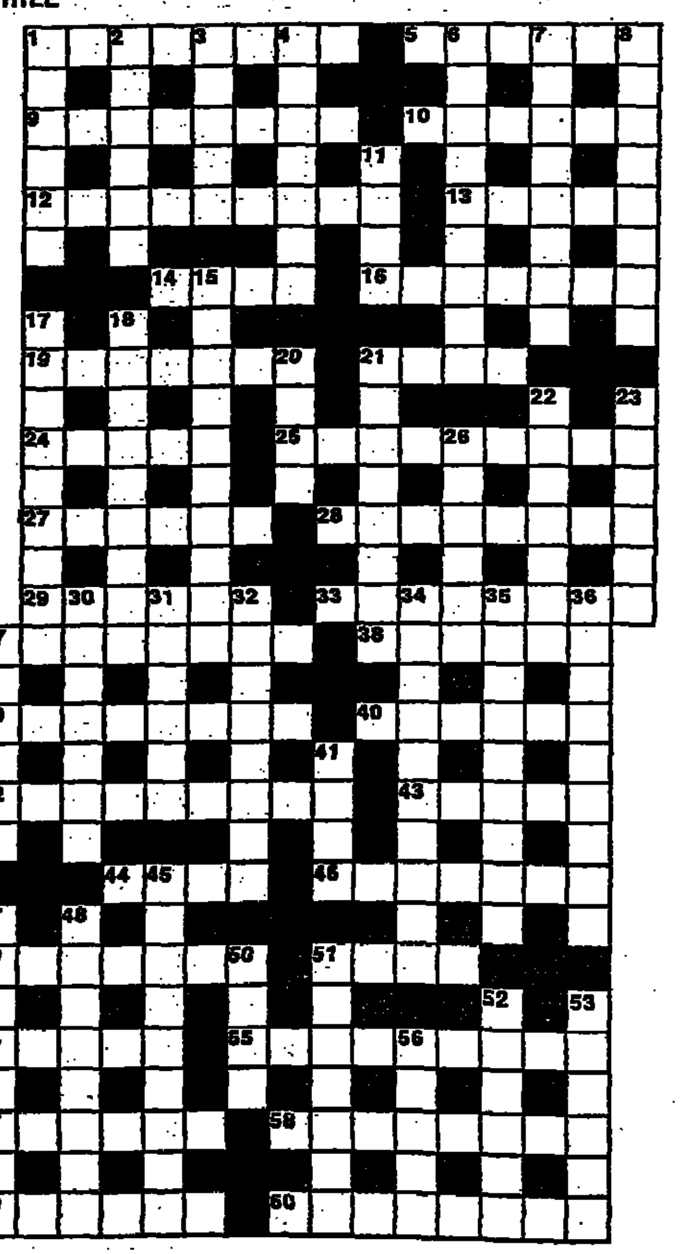
SET BY CINEPHILE

A seasonal greeting (1,5,9,2,3,3,7) passes through the squares numbered 22, 35, 40 and 41. The answers to 5, 16, 19, 28, 39 and 51 across and 1, 15, 50, 53 and (together or separately) 52 and 56 down are of a kind; they may be singular or plural, and one or two are somewhat derogatory; the clues for these twelve solutions are incomplete.

Prizes of £25 will be awarded for the first ten correct solutions opened. Solutions, marked Christmas Crossword on the envelope, to be received by Wednesday January 6, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution and winners will be published on Saturday January 9.

Name...

Address...



ACROSS

1 A can, oily for a change, in Asia Minor (8)
5 Royal dominion, 0 minus O (6)
9 Gnu has bits missing, not being in hive (4,4)
10 Plate for one's hand (6)
12 Pupil with drawer gets upset (9)
13 A green means stop (5)
14 A wager gives help (4)
16 The City – this could be put nicer – is sweating (7)
19 Indefinite article, possibly? (3,4)
21 Look obliquely at shelter on river (4)
24 Incomplete article – take to the beat (5)
25 Taken less trouble? Don't be daft! (4,5)
27 Greeting that returns as musical instrument (6)
28 Finish in a lot of clothes (8)
29 Can (plural); 'e's gone for the plough (6)
33 More likely to flaunt incomplete covering for the bosom (8)
37 Settee or single chair, not bikini? (3-5)
38 Opposite of Ursa Minor? Cast on, knit? (6)
39 Unarched apartment measure (8)
40 First part of row repeatedly left in Western Scotland (6)
42 Tents on a river built for broadcasting (9)
43 Issue including Channel Islands issue (5)
44 I press for repayment from the goddess of spring (4)
46 He manages to cook with all 'is might (7)
49 Contract for people sitting at a table, not the Owenites? (2-5)
51 Charge cutter (4)
54 Laments heard from Cambria (5)
55 Cupid is a sort of puppet eating bad food (3,2,4)
57 Knock-out drink sent back for African antelope (6)
58 Toy girl alternatively is back inside the threshold (8)
59 Jerries set hot drink against cold (6)
60 Labyrinth discloses pub with English back (5,3)

DOWN

1 Grass about mum (6)
2 Religious leader, a speaker in church (6)
3 Game called after man in sombrero (5)
4 In one canvas a painter is repetitive (7)
6 A lot of orchestras outside a Scottish port use broomrape (9)
7 Very quiet prophet's teacher in Buddhism levitated quietly (8)
8 One tarries, possibly: one doesn't see them often (8)
11 Trouble on a lid gets solvers under way (4)
15 Fly from indecent drink (10)
17 American fellow may be respected as politician (9)
18 Propel cat roughly – it may be locked in a car (6,3)
20 Not the last Greek letter used by nuclear physicists (4)
21 50 each for leaderless black in Milton's poem (8)
22 Proceeding to travel by rail? (2,5)
23 Body of weathermen? (6)
26 Unhappy is model who takes pleasure in cruelty (6)
30 Mr Ready goes for Soviet troops (3,4)
31 Rebellious state of Zambia, France, etc (6)
32 Hatching of pupa once soil's disturbed (8)
34 A sore toe's a beastly thing: this is a barnacle (5-5)
35 Lecherous like Rabelais, say, as clarity required (9)
36 Some of the natives plan a descent to the sea-front (9)
37 Not skating post? (6)
41 Murray's glass? (4)
45 Blanket statute briefly comes in two notes from US shop (9)
47 A blooming avalanche? (8)
48 I leave Israelite wandering to workshops (8)
50 Are they greedy for iron? (4)
51 Go to sleep in a place of flowers and feathers (3,4)
52 River vermin (6)
53 Murphy's stripper (6)
56 Pro-establishment? (5)

Solution to Puzzle No.6,515